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General

Foreign Ministry Holds Weekly News Briefing

Views Gandhi Visit

OW1512105788 Beijing XINHUA in English
1033 GMT 15 Dec 88

[Text] Beijing, December 15 (XINHUA)—Chinese Premier Li Peng will host an official welcoming ceremony for and hold talks with Indian Prime Minister Rajiv Gandhi when he visits China, a Chinese Foreign Ministry spokesman said here today.

Other Chinese leaders will also meet the Indian prime minister, Li Zhaoxing said at a weekly news briefing here this afternoon.

He said Rajiv Gandhi's coming visit scheduled to start on December 19 is a "very important event" in Sino-Indian relations because this will be the first visit by an Indian prime minister in 34 years since 1954 when the late Indian prime minister Jawaharlal Nehru visited China.

"We believe that Prime Minister Rajiv Gandhi's forthcoming visit will promote Sino-Indian relations," he said.

The spokesman reiterated China's consistent position on the settlement of Sino-Indian border issue. "We hope that the two sides will develop friendly cooperation in economy, trade, culture and other fields while seeking a solution to the border issue," he said.

Comments on Palestine Peace Commitment

OW1512095088 Beijing XINHUA in English
0931 GMT 15 Dec 88

[Text] Beijing, December 15 (XINHUA)—China holds that the three-point peace proposal put forward by Yasir 'Arafat, executive chairman of the Palestine Liberation Organization (PLO), is a "positive and realistic one," which giving full expression to the sincere commitment of the State of Palestine to the realization of peace in the Middle East.

A Chinese Foreign Ministry spokesman gave this remark at a weekly news briefing here this afternoon in reply to reporter's questions.

Some reporters noted in their questions that on December 13, Chairman 'Arafat put forward a three-point peace proposal at the special session of the United Nations General Assembly held in Geneva, which, however, was rejected by Israel subsequently.

The spokesman stressed that "We hope that the above-said proposal will receive positive reaction from all parties concerned. Israel's continued intransigence on the question of Palestine is undoubtedly a hindrance to

the settlement of the Middle East question. It is our hope that Israel will conform with the international trend and take actions conducive to the promotion of the Middle East peace process."

Says Netherlander Can Leave Tibet

HK1512130888 Beijing XINHUA Hong Kong
Service in Chinese 1211 GMT 15 Dec 88

[Report: "Dutch Woman Injured in Lhasa Riot Allowed To Leave Tibet"—XINHUA headline]

[Text] Beijing, 15 Dec (XINHUA)—Today, Foreign Ministry Spokesman Li Zhaoxing said: Christina, the Dutch woman injured in the Lhasa riot on the 10th of this month, has been given permission to leave Lhasa.

In answering questions raised by foreign reporters at the news briefing, Li Zhaoxing said: Christina was slightly wounded on one of her shoulders during the riot. The hospital in Lhasa has given her excellent treatment. She left the hospital on her own on the 11th. Now, she asks that she be allowed to leave Lhasa as quickly as possible.

Li Zhaoxing said: "We will allow her to leave Tibet as quickly as possible."

Li Zhaoxing said: Christina has visited Lhasa three times this year and has done something incompatible with her status as a tourist, thus violating China's relevant regulations.

He said: During the riot in Lhasa on the 10th, giving no heed to advice, she insisted on staying on the scene and mingled with the rioters in Bajiao Street. By doing this, she was acting against the No. 3 Notice issued by the Lhasa City Government last year which states that "foreigners are not allowed to watch and take photographs of trouble-making activities manipulated by a handful of splittists...." An English edition of the full text of the notice is pasted up in the hotel where she was staying.

In addition, she has also violated the relevant Chinese customs regulations by bringing with her into Tibet a book by the Dalai Lama entitled "My Country, My People" (Tibetan edition) that advocates the "independence of Tibet."

Spokesman Condemns Netherlander

HK1512140188 Beijing ZHONGGUO XINWEN
SHE in Chinese 1308 GMT 15 Dec 88

[Report: "Li Zhaoxing Speaks on the Dutch Woman Injured in Lhasa"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 15 Dec (ZHONGGUO XINWEN SHE)—Today, at the request of reporters at a news briefing, Chinese Foreign Ministry Spokesman Li Zhaoxing talked about the Dutch woman injured in a

riot in Lhasa a few days ago. He said: Christina has visited Tibet three times this year posing as a tourist, and has done in Tibet something incompatible with her status as a tourist, thus violating the relevant Chinese regulations.

Li Zhaoxing cited two examples.

On the 10th, paying no heed to advice, she stayed on the scene and mingled with the rioters in Bajiao street. Li Zhaoxing said: She has violated the regulations stated in Lhasa's No 3 Notice. A full text of this notice is pasted up in the hotel in which she was staying.

While entering Tibet, Christina brought with her a book by the Dalai Lama entitled "My Country, My People," which advocates the independence of Tibet, thus violating the relevant Chinese customs regulations.

Li Zhaoxing said: Christina was slightly wounded during the riot. On the 11th, she left the hospital on her own. Now, she asks that she be allowed to leave Tibet as quickly as possible. China is allowing her to do so.

Asked by a reporter whether what Christina did was just an isolated incident, Li Zhaoxing said: You can judge for yourself. Let me digress from this and tell you another example to show that there are indeed a few foreigners trying to interfere in China's internal affairs by capitalizing on the Tibetan issue.

Li Zhaoxing said: We have read a report that goes like this: According to a West European parliamentarian, there are 6 million Tibetans and 8 million Chinese in Tibet. Therefore, the Tibetans are the minority in Tibet. In addition, Tibet has become a large camp in which major massacres have taken place. Actually, the total population of Tibet is 2.02 million, of whom 1.93 million are Tibetans, 73,000 are Chinese, and 14,000 are people of other nationalities.

Li Zhaoxing said: My personal view is that such imaginative materials can be used in talk shows. But it is altogether too ridiculous to use them as a pretext for interfering in other countries' internal affairs.

Further on PLO, Netherlander

*OW1512130388 Beijing Domestic Service in Mandarin
1030 GMT 15 Dec 88*

[From the "National Hookup" program]

[Text] Li Zhaoxing, a Foreign Ministry spokesman, answered reporters' questions on the PLO and other issues at a press briefing this afternoon.

A reporter asked: On 13 December, 'Arafat, chairman of the PLO Executive Committee, put forth a three-point peace proposal at the special session of the UN General Assembly, which was rejected by Israel. What is China's comment on this matter?

Li Zhaoxing said: China holds that the three-point peace proposal put forward by chairman 'Arafat is a positive and realistic one, which gives full expression to the sincere commitment of the State of Palestine to the realization of peace in the Middle East. We hope that the above-mentioned proposal will receive positive reaction from all parties concerned.

Li Zhaoxing pointed out: Israel's continued intransigence on the question of Palestine is undoubtedly a hindrance to the settlement of the Middle East issue. It is our hope that Israel will conform with the international trend and take actions conducive to the promotion of the Middle East peace process.

When asked about Netherlands woman Christina who was injured in the riot in Lhasa, Li Zhaoxing said: Christina had visited Tibet three times this year allegedly for sightseeing. While in Tibet, she did something incompatible with her status as a tourist and violated the relevant Chinese regulations.

Li Zhaoxing said: When a riot broke out in Lhasa on 10 December, Christina took no heed of the advice and refused to leave the scene. She mingled with the troublemakers in the Bajiaojie Street area. By doing so, she violated the regulation stipulated in the Lhasa City People's Government's No 3 Bulletin last year banning foreigners from staying and watching scenes of troublemaking activities manipulated by a few separatists.

Li Zhaoxing said: Christina had broken customs regulations by bringing into Tibet a book by Dalai which advocated Tibet's independence.

Li Zhaoxing said: During the troublemaking, Christina sustained a slight injury on her shoulders. She was given treatment and taken good care of at our hospital. She left the hospital on her own on 11 December. At her request, we have now permitted her to leave Tibet as soon as possible.

U.S. To Open Dialogue With PLO

*OW1512083988 Beijing XINHUA in English
0758 GMT 15 Dec 88*

[Text] Washington, December 14 (XINHUA)—U.S. President Ronald Reagan, in an important policy shift, announced tonight that he had authorized the State Department to open direct talks with the Palestine Liberation Organization because the PLO had met U.S. preconditions for "a substantive dialogue."

Reagan made the announcement after PLO leader Yasir 'Arafat issued a statement in Geneva earlier today, saying the PLO had accepted United Nations Security Council Resolutions 242 and 338, recognized Israel's right to exist and renounced terrorism.

"These have long been our conditions for a substantive dialogue. They have been met. Therefore, I have authorized the State Department to enter into a substantive dialogue with PLO representatives," Reagan said in a statement issued by the White House.

The United States had long insisted that it would not deal with the PLO until the organization met the three U.S. preconditions for opening a dialogue with the United States.

Meanwhile, Secretary of State George Shultz told a news conference at the State Department that "our object is not a dialogue, our object is peace and we will be talking to the PLO as to others in an effort to move things along toward that objective."

The secretary said the U.S. ambassador to Tunisia has been designated as the only authorized channel for that dialogue. PLO headquarters are in Tunis, Tunisia's capital.

However, Shultz stressed: "The United States does not recognize the declaration of an independent Palestine state.

"The position of the U.S. is that the status of the West Bank and Gaza cannot be determined by unilateral acts of either side, but only through a process of negotiations."

Once again, Shultz emphasized, "The United States' commitment to the security of Israel remains unflinching."

Observers here noted that the U.S. announcement tonight represents a shift of U.S. policy toward the PLO and may have a positive impact on seeking a solution to the Middle East conflict.

But the road to peace is by no means smooth, since Israel, a major player in the Middle East conflict, still refuses to negotiate with the PLO, they said.

PLO Appeals to U.S., EC on Middle East Talks
HK1512031388 Beijing RENMIN RIBAO in Chinese
12 Dec 88 p 6

[XINHUA report: "PLO Asks the United States and the European Community To Urge Israel To Solve Middle East Issues Through Negotiations"]

[Text] London, 10 Dec—Sharif, political adviser to PLO chairman Yasir 'Arafat, told a press conference in London today that the United States and the EC are duty-bound to press Israel for a solution to the Middle East issue through talks.

Sharif said: Both the United States and the EC should try their best to convince Israel that negotiations are the only way out in the settlement of the Israeli-Palestinian

conflict. He noted that it is now high time for Israel to declare its attitude toward UN Security Council Resolution 242 and to make a positive response to the new proposal offered by the PLO.

Sharif said: The Palestinians will never give up their struggle against the Israeli occupation of the West Bank of the Jordan River and the Gaza Strip until the last Israeli soldier has left the land of Palestine.

U.S. Vetoes UN Resolution on Israeli Attack
OW1512002588 Beijing XINHUA in English
1915 GMT 14 Dec 88

[Text] United Nations, December 14 (XINHUA)—The United States today vetoed a U.N. Security Council draft resolution which "strongly deplores" the latest Israeli attack against Lebanon.

The draft resolution, tabled by the non-aligned members of the Council, also "strongly requests that Israel cease immediately all attacks against Lebanese territory."

All the other 14 members of the Security Council voted for the resolution. Under the U.N. Charter, a Security Council resolution will not be adopted if any of the five permanent members, the United States, the Soviet Union, Britain, France and China, vetoes it.

The vote today was called after U.S. rejection failed the 15-member Council yesterday afternoon to reach consensus on a president [word as received] statement expressing the Council's regret over the Israeli attack of December 9, which killed at least 20 Palestinians.

During the attack, believed as the biggest in the past six years, Israel landed helicopter-borne troops to raid a Palestinian guerrilla stronghold at Haret al-Naameh in rugged hills eight miles southeast of Beirut.

Immediately after the Israeli attack, the Lebanese Government requested an urgent Security Council meeting to consider the Israeli aggression of its territory.

The draft resolution today would express the Council's deep concern over the Israeli attack and the continuing deterioration of the situation in southern Lebanon as a result of repeated Israeli attacks against the civilian population.

[words indistinct] her government's position representative to the United Nations Patricia Byrne charged that the draft resolution "criticizes the actions by one party while ignoring the attacks and reprisals originated by the other side of the border."

She said that the United States "remains committed" to Lebanese sovereignty and territorial integrity, but believed the draft resolution "would deny to Israel its inherent right to defend itself."

'Yearender' on 'Notable' East-West Progress
OW1512084888 Beijing XINHUA in English
0809 GMT 15 Dec 88

["Yearender: 1988 Sees a Major Turn in West-East Ties
(by Yang Huasheng)"]—XINHUA headline]

[Text] Beijing, December 14 (XINHUA)—Viewing 1988 in retrospect, no event is more notable than East-West detente. In Europe, it appears to mark the lifting of the "cold war" fought over the continent since World War II.

A trend toward dialogue and cooperation has replaced confrontation, guaranteeing a major improvement in relations between its Western and Eastern blocs.

The most important development in this trend may have come on June 25, when, after arduous negotiations, formal relations were established between the European Community and the Council for Mutual Economic Assistance, the two major adversary economic bodies in Europe.

Of almost equal significance in 1988 was the implementation of the first real disarmament in post-war Europe, after the United States and the Soviet Union agreed in September, 1987, to dismantle intermediate nuclear missiles in Western and Eastern Europe.

Soviet leader Mikhail Gorbachev's announcement in December of a unilateral reduction of half a million troops within two years was widely applauded in both the West and East. Moscow also pledged to withdraw six tank divisions from the Eastern part of the continent by 1991.

A minister-level meeting of Balkan countries early this year initiated post-war cooperation between countries with differing ideologies and belonging to opposed political blocs. The peninsula has long been considered a powder keg.

Britain, France, Federal Germany, Italy have also eased their hostile lending attitude toward the countries of Eastern Europe. Loans received by Moscow alone in the past few months amounted to seven billion U.S. dollars.

The outgoing year also sees another increase in West-East trade and further progress in economic cooperation.

In addition, there was brisk diplomatic activity and an increase in summit meetings between Western and Eastern leaders in 1988. The Moscow visits by Federal German Chancellor Helmut Kohl and French President Francois Mitterrand in October and November captured wide attention.

Kohl, returning home from Moscow in October, announced the "arrival of an era of dialogue and cooperation" in the area.

Early in November, Margaret Thatcher toured Poland, the first such visit by a British prime minister. Federal German President Richard Von Weizsacker debuted in Bulgaria last month, and Mitterrand also paid his first visit to Czechoslovakia.

The European continent has been split ever since 1945 when the leaders of Britain, the United States and the Soviet Union met at Yalta and informally divided up spheres of influence on the continent.

The superpowers also played pivotal roles in prolonging these divisions through the formation of political blocs to carry on their arms race in order to seek to control the region.

Relations between Western and Eastern nations were therefore restricted by their U.S.-Soviet ties. For 40 years, there have been many politicians on both sides who have worked to ease this situation. Some progress was achieved, but never more than in 1988.

What's in Prospect for Europe in 1989?

The ameliorated Moscow-Washington relationship appears to open the way for smaller countries to speak on both world affairs and European issues.

Mitterrand pointed out at a meeting with Hungarian leader Karoly Grosz that the termination of the "Yalta period" meant European countries could regain the right of self-determination and would be able to solve problems through dialogue.

Also to be watched are the reform plans introduced by the Soviet Union and several other East European countries that recognize that a stable outside environment as well as financial and technological assistance are necessary in the development of their civil economies and sciences.

Ultimately, though, the economies of the Western countries have been rising for six years in succession, and even though they survived the October, 1987, stock crisis, there are negative factors that could block their continued growth.

One of these factors is increasing trade competition among West European countries, the United States and Japan.

Last year, as a result, the West began paying increasing attention to the Soviet Union market of 300 million and to the potentially large markets of Soviet allies.

The approach of West and East toward each other appears to be an irrevocable trend. However, superpower influence remains and military groups still confront each other. So at least in the near future, the advent of a "European edifice," of which some European politicians have long dreamed, is not in prospect.

PRC, USSR, Mongolia Sign Cooperation Accord
OW1512090988 Beijing in Russian to the USSR
1900 GMT 14 Dec 88

[Text] Talks on border goods exchange ended recently in Ulaanbaatar between the Huhhot Railway Administration of the PRC Ministry of Railways, the USSR's East Siberian Railway Administration, and the MPR's Ulaanbaatar Railway Administration. A border goods exchange agreement was signed at these talks.

According to the agreement between the three sides, Hohhot Railway Administration will supply the Soviet side with fruit and light industrial goods and the Mongolian side with light industrial goods. The Soviet and Mongolian sides, in their turn, will supply the Chinese side with sheet materials and scrap iron.

Sichuan Approves More Foreign Investment Firms
HK1412144988 Beijing CEI Database in English
14 Dec 88

[Text] Chengdu (CEI)—By the end of November, Sichuan Province has approved 41 new foreign-invested enterprises with a total foreign investment of 50 million U.S. dollars. In addition, more than 60 contracts on compensation trade have been signed, with 10 million dollars of equipment provided by foreign firms.

According to a leading official of the Sichuan Economic and Trade Bureau, foreign investment in the province this year is characterized by its large size, greater proportion and the shift to productive projects.

The major joint ventures approved this year in the province include:

A British pharmaceutical company and Chongqing Southwest Pharmaceutical Factory invested 35 million dollars to co-produce Western medicine;

Sandwick International of Sweden and Chengdu Measuring and Cutting Tools Plant invested 3.5 million dollars to produce alloy cutting tools;

China Welding Rod Plant in Zigong and Lincoln Company of the United States are planning to invest 30 million dollars to produce welding materials;

A Japanese company and Chengdu Electrical and Machinery Plant will invest 4.5 million dollars to produce low-noise bearings, 70 percent of which will be exported;

A French cement plant and Dukou Cement Plant invested 100 million yuan to produce high quality cement for Er Tan Power Station, the largest in China;

The foreign investment in the five projects mentioned above makes up more than 60 percent of the total.

Sichuan is rich in resources and strong in technology. The output value of its electronics, space industry and machinery accounts for about one quarter of the country's total in the same fields.

The province is taking measures to solve the energy, transportation and communication problems brought about by its landlocked location.

Er Tan Power Station, with a total capacity of 12,500,000 kilowatts, is under construction at Dukou City; the extension of Jiangyou Electric Plant will be completed next year; the Chengdu Heat and Power Plant will undergo technological renovation and the Chengdu-Chongqing Highway will be reconstructed into an expressway. Chengdu will also use loans provided by foreign governments to improve its communication facilities.

International Investment Increases in Guangdong
HK1412144188 Beijing CEI Database in English
14 Dec 88

[Text] Guangzhou (CEI)—Foreign investment in the city of Foshan, Guangdong Province, has increased speedily this year.

Contracted investment in the first 10 months from foreign enterprises has reached 447 million U.S. dollars, a 2.8 fold increase over the same period of last year. 189 million dollars from the total investment has been put to use, a rise of 190 percent over the same period of last year.

235 joint-venture projects approved during this period, all are productive projects except three cooperative transportation programs. The number of large scale projects involving advanced technology has increased, among which are projects of basic industry, raw material industry and fine processing.

Investors are from the United States, Federal Germany, Italy, France, Canada, Britain, Denmark, Japan, Singapore, Thailand and Hong Kong and Macao.

United States & Canada

Reagan Meets Chinese Ambassador Han Xu
OW1512061788 Beijing XINHUA in English
0030 GMT 15 Dec 88

[Text] Washington, December 14 (XINHUA)—U.S. President Ronald Reagan expressed today his confidence that Sino-U.S. relations will become stronger in the future.

Reagan made the remarks when meeting Chinese Ambassador to the United States Han Xu at the White House this morning.

U.S. Vice President and President-elect George Bush and other U.S. senior officials were also present at the meeting, called by Reagan on the occasion of the 10th anniversary of the establishment of Sino-U.S. diplomatic relations.

During the meeting, President Reagan expressed his best wishes to the Chinese Government and people.

Reagan said that he is confident that by continuing to abide by the three joint communiques concerning bilateral relations, the two countries will forge even stronger ties to build a safer and prosperous world.

Chinese ambassador expressed deep appreciation for the contributions President Reagan has made in promoting the growth of Sino-U.S. relations during the past eight years.

He also said that he hopes that Sino-U.S. relations will enjoy continued and greater progress in the next decade.

Han Xu conveyed to the U.S. President the cordial greetings of the Chinese leaders Deng Xiaoping, Zhao Ziyang, Yang Shangkun and Li Peng.

Further on Meeting

HK1512070188 Beijing ZHONGGUO XINWEN
SHE in Chinese 0505 GMT 15 Dec 88

[Report by correspondent Xie Yining (6200 0001 1337): "Reagan Meets Han Xu, Has Full Confidence in the Development of Sino-U.S. Friendly Relations"—ZHONGGUO XINWEN SHE headline]

[Text] Washington, 14 Dec (ZHONGGUO XINWEN SHE)—When meeting Chinese Ambassador to the United States Han Xu today, President Ronald Reagan said that he was fully confident that, in the years ahead, China and the United States would establish, on the basis of the three joint communiques, a more solid bilateral relationship for the building of a safer and more prosperous world.

U.S. President-elect George Bush attended the meeting, which was held in the Oval Office of the White House this morning.

December 15 marks the 10th anniversary of the establishment of diplomatic relations between the two countries. At this historic moment, Reagan expressed his best wishes to the Chinese Government and people. He spoke highly of the important contributions made by Chinese Americans to the development of American society and the enrichment of traditional culture.

During the meeting, Reagan also recalled the efforts made by his three predecessors, namely, Richard Nixon, Gerald Ford, and Jimmy Carter, and Chinese leaders to establish a close relationship between China and the United States and the peoples of the two countries. He

expressed satisfaction at having been able to continue and develop these efforts during his terms of office. He recalled with pleasure the enthusiastic welcome accorded to him when he visited China in 1984, as well as the tremendous headway which he witnessed China had made in reform, opening up to the outside world, and improving the people's livelihood.

Han Xu conveyed to Reagan the cordial regards of Chinese leaders Deng Xiaoping, Zhao Ziyang, Yang Shangkun, and Li Peng. He expressed his appreciation of Reagan's contributions to the promotion of Sino-U.S. relations in the past 8 years. He hoped that Sino-U.S. relations would continue to attain greater development in the next 10 years.

Yang Shangkun Meets With U.S. Ambassador
OW1512085588 Beijing XINHUA in English
0714 GMT 15 Dec 88

[Text] Beijing, December 15 (XINHUA)—Chinese President Yang Shangkun met with U.S. Ambassador Winston Lord at the Great Hall of the People here this morning.

During their conversation, Yang said, "On the eve of the 10th anniversary of the establishment of diplomatic relations between China and the United States, I would like to ask you to convey my cordial regards to President Ronald Reagan and President-elect George Bush. On behalf of the Chinese Government and people, I would also like to extend warm congratulations to the U.S. Government and people."

He said that during the past decade Sino-U.S. relations have grown smoothly and remarkable progress has been made in bilateral exchanges and cooperation in many fields.

President Yang stressed that the expansion of Sino-U.S. friendship and cooperation accords with the fundamental interests of the peoples of the two countries.

"In the next decade, we are looking forward to working together with the United States to continue to advance the Sino-U.S. relations to a new level on the basis of the three Sino-U.S. joint communiques," Yang added.

Lord conveyed to President Yang cordial regards from U.S. President Reagan and President-elect Bush.

Lord said that President Reagan regarded the growth of Sino-U.S. friendship and cooperation as one of the major achievements he had made in the past eight years of his tenure.

Lord expressed his conviction that President-elect Bush will, after taking office, further consolidate and strengthen the existing friendly relations and cooperation between the two countries.

Former Ambassador on Sino-U.S. Relations
HK1512114288 Beijing ZHONGGUO XINWEN SHE in Chinese 0950 GMT 15 Dec 88

["Chai Zemin Says Both China and the United States Should Remove Three Obstacles in the Next Decade"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 15 Dec (ZHONGGUO XINWEN SHE)—Former first Chinese Ambassador to the United States Chai Zeming has proposed that in the next decade, China and the United States exert efforts to remove three obstacles to the development of relations, in an article recalling the progress of Sino-American relations over the past 10 years, carried in GONGREN RIBAO [WORKERS DAILY].

The article says that due to a common wish to improve relations between the two countries, and the determination to end long-term confrontation, the Chinese and the U.S. Governments realized the normalization of diplomatic relations. Practice has shown that the normalization of diplomatic relations between them was "the inevitability of historical development as well as the will of the people," despite the differences in social systems, ideology, cultural traditions, and historical backgrounds between the two countries.

Chai pointed out that while celebrating the development of Sino-American relations, we should see clearly that some negative factors still exist in the relations. In his opinion, they are as follows:

First, it is necessary to appropriately handle the Taiwan issue. "The Taiwan issue has always been the chief obstacle affecting the development of relations between the two countries." He hopes that the United States will strictly abide by the principle in the three Sino-American joint communiques, to exert efforts to support the peaceful reunification of China with practical actions. Second, it is necessary to develop Sino-American economic, trade, and technological cooperation on the basis of equality and mutual benefit. Chai says that a rather conspicuous problem in bilateral trade at present is that the United States is becoming increasingly stricter with each passing day, with restrictions on the importation of Chinese goods; this cannot but affect the further expansion of bilateral trade. The strict restrictions on technological transfer to China is incongruent with the actual conditions of the relations between the two countries as well as the needs to develop economic, trade, science and technological cooperation between them. However, China's exports to the United States are monotonous in variety, with some of the products of inferior quality, and there are shortcomings in control. He said, "the supplementary nature and wide range of cooperation in the economic structures of China and the United States may turn the two into good, long-term cooperating partners, who will supplement each other's needs, and make up each other's deficiencies."

And third, it is necessary to follow the principle of mutual equality, mutual respect, and nonintervention in each other's domestic affairs in bilateral relations. It is necessary to strengthen consultation, to improve understanding, and to seek common ground, while reserving differences.

In conclusion, Chai Zemin said, "Great changes are underway in the present international situation; dialogue replacing confrontation has become the trend of the contemporary world, which is changing from a bipolar into multipolar one. Such a trend has provided new chances and challenges in the second decade of Sino-American relations." He is firm in the belief that "so long as both China and the United States strictly follow the principle ascertained in the Sino-American joint communiques, strengthen their trust in each other, and continue to overcome and to eliminate difficulties and obstacles, Sino-American relations will surely develop to a new level in the next decade."

Soviet Union

Appointment of New Soviet Army Chief Noted
OW1512082988 Beijing XINHUA in English 0804 GMT 15 Dec 88

[Text] Moscow, December 15 (XINHUA)—Colonel General Mikhail Moiseyev has been named chief of the Soviet Army's General Staff, the Army daily KRASNAYA ZVEZDA (RED STAR) said today.

Graduated from the military academy of the General Staff in 1982, the 49-year-old Moiseyev has headed the Army's Far East Command since 1987.

He has concurrently been named first deputy defense minister by the Soviet Council of Ministers.

KRASNAYA ZVEZDA said that former chief of staff, Sergey Akhromeyev, has been "transferred to another job."

Heihe Prefecture Develops Trade With Soviets
SK1512045788 Harbin HEILONGJIANG RIBAO in Chinese 25 Nov 88 p 1

[Text] Heihe Prefecture in Heilongjiang Province, which is called the northern gate of our country, has achieved new progress in trade with the Soviet Union. By the end of October, the transactions of already signed import and export trade contracts totaled 120 million Swiss francs, 100 percent over the total of the 10 years preceding the "Cultural Revolution."

The trade between Heihe Prefecture, which borders Amur Oblast, and the Soviet Union has a history of more than 100 years. After liberation, barter trade of equal value with the Soviet Union resumed in 1957, and was suspended in 1966. In September last year, Heihe Prefecture resumed equal-value barter trade with the Soviet

Union, and formulated eight preferential policies, totaling 23 articles, for trade with the Soviet Union to attract domestic and foreign firms to develop trade and economic cooperation with the Soviet Union together. Currently, 495 firms from 18 provinces and regions of the country are supplying goods for Heihe to export to the Soviet Union, and 17 trade partners of the Soviet Union are supplying goods for export to Heihe. The variety of goods for import and export has also increased from 2 to more than 300. In July and August this year, Heihe Prefecture held two large-scale commodity sales exhibitions in Heihe City and the Soviet Union's Blagoveshchensk City across the river. More than 8,500 kinds of commodities were on display, and the transactions of import and export trade contracts signed there reached 48 million Swiss francs.

The trade between Heihe Prefecture and the Soviet Union has led and promoted technical cooperation and tourism with the Soviet Union. According to an introduction by Yu Wanling, secretary of the prefectural party committee, Heihe and Amur Oblast in the Soviet Union have signed more than 20 cooperation agreements and executive contracts. Cooperation in labor service for construction and lumbering is underway, and more than 400 construction workers already went to the Soviet Union in October. Processing of leather and corrugated wood boards with materials provided by the Soviet side is being experimented with at our plants, and investigations are underway on building beverage plants, canned food plants, and Chinese food restaurants cooperatively by both sides. "One-day tours" of China and the Soviet Union have been fully launched, and 10 groups of Chinese and Soviet tourists, totaling 800, have already participated in the activities.

Accompanying the development of the trade with the Soviet Union is the rapid development of the communications and transportation of Heihe Prefecture. A total of 188.5 km of rails have been laid for the local railway from Beian to Heihe, representing 73.5 percent of the total distance, and traffic along this railway is expected to open by the end of September next year. The renovation and expansion of the runways of Heihe airport were completed successfully, and flight service, three times a week, between Harbin and Heihe officially resumed on 11 November. Construction of the Heihe wharf has been completed, and its annual cargo handling capacity is 800,000 tons. As has been learned, goods worth more than 20 million Swiss francs for Heihe Prefecture's import and export trade with the Soviet Union have been delivered, and delivery of all the goods for the import and export trade is expected to be completed by the first quarter of next year.

Jilin Vice Governor Meets Soviet Delegation
SK1512035288 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 14 Dec 88

[Text] On the evening of 14 December, Vice Governor Hui Liangyu met at Nanhu Guesthouse in Changchun with a six-member trade delegation from the Leningrad Oblast consumers' cooperative led by (Karakulov).

The purpose of the delegation's friendly visit to our province is to further increase the friendly relations between the cooperatives of our province and the oblast, to discuss the specific matters listed in the economic and trade cooperation memorandum of intent signed by the two sides in Leningrad Oblast in October, and to sign a barter trade contract for 1989.

The delegation will stay in our province for 6 days.

Mining Equipment Contract Signed With Soviets
HK1412144588 Beijing CEI Database in English
14 Dec 88

[Text] Beijing (CEI)—Northeast China's Helongjiang Province and a Soviet company has signed a contract on importing gold mining equipment from the Soviet Union.

According to the contract involving 1.168 million SF [Swiss francs] (about 772,000 U.S. dollars), Helongjiang Province Gold Company will import complete set of vibratory spin drill for gold mining on frozen ground in two years.

Southeast Asia & Pacific

Thai Princess Lectures on Medicinal Plants
OW1412151888 Beijing XINHUA in English
1109 GMT 14 Dec 88

[Text] Beijing, December 14 (XINHUA)—Thai Princess Chulaphon today gave a lecture on pharmacodynamical and chemical research of medicinal plants in Thailand which was welcomed by Chinese scientists.

As a professor of organic chemistry, Princess Chulaphon has wide interest in medicine, environmental hygiene, agriculture, and food hygiene and has visited a dozen countries and gave lectures. She is now president of Chulaphon Research Institute which is majoring in medicinal plant development.

This morning, the princess drove to the Institute of Medicinal Plant Development of the Chinese Academy Of Medical Sciences in northwest Beijing. She gave a lecture to more than 300 scientists.

She then saw various medicinal plants in the institute's greenhouse. Director Xiao Peigen of the institute presented a book entitled "General Introduction of Medicinal Plants in China," he himself wrote, to the princess at the end of her visit.

Prof. Dai Yuhua, vice-president of the Chinese Academy of Medical Sciences, spoke highly of the princess' contribution to promoting Sino-Thai friendly exchanges and scientific cooperation in the fields of medicine. Dai is also accompanying the princess on her visit to China.

This afternoon, the princess visited the Beijing Municipal Environmental Monitoring Center and also exchanged views with Qu Geping, director of the State Environmental Protection Bureau, on the control of environmental protection and water pollution in the two countries.

Li Peng Fetes Thai Princess

OW1412151488 Beijing XINHUA in English
1436 GMT 14 Dec 88

[Text] Beijing, December 14 (XINHUA)—Chinese Premier Li Peng hosted a dinner for the Thai Princess Chulaphon of the Kingdom of Thailand and her party here tonight at the Diaoyutai State Guesthouse.

Li said at the dinner that the close Sino-Thai relations are the result of the long-term efforts of the people of the two countries.

He stressed that King Phumiphon Adunyadet and other members of the royal family have showed great concern about the Sino-Thai friendship and made important contributions to the growth of the two countries' relations.

The Chinese premier said that the current China visit of Princess Chulaphon, as a noted Thai scientist, will surely promote the understanding and friendship between the scientists and people of the two countries.

Recalling his recent visit to Thailand, the premier said that he was deeply impressed by the beautiful scenery and landscape of Thailand and the hospitality of the Thai people as well as Thailand's economic achievements.

In reply, Princess Chulaphon said China and Thailand enjoy long-standing historic relations. The relations between the two countries and their people are very close, she said, adding that the two sides have been supporting each other in all the different periods of history, and this has laid a strong and firm foundation for the growth of today's bilateral relations.

She said that she was very glad to have the opportunity to visit China.

Prior to the dinner, the Chinese premier and the Thai princess exchanged views on environmental pollution which the two countries face today as the princess is interested in environmental protection. They held that the two countries can cooperate in this regard.

Thai Foreign Minister's Visit Slated

OW1412134888 Beijing XINHUA in English
0701 GMT 14 Dec 88

[Text] Bangkok, December 14 (XINHUA)—Thai Foreign Minister Sitthi Sawetsila will visit Vietnam next month, according to local press report today.

Sitthi was quoted as saying yesterday that he will visit Vietnam in January and China in February before the special ASEAN (the Association of Southeast Asian Nations) foreign ministers meeting in Brunei and the second Jakarta Informal Meeting (JIM) on Kampuchea.

The topic of discussion during his visit to Vietnam will be the Kampuchean problem, Sitthi noted.

The minister said he will discuss the refugee problem with Vietnamese leaders.

The Sitthi's visit to Vietnam will be the first by a Thai foreign minister to that country in 13 years.

Son Sann Cited on Human Rights in Cambodia

OW1412023388 Beijing XINHUA in English
1500 GMT 13 Dec 88

[Text] Strasbourg, December 13 (XINHUA)—Democratic Kampuchean Prime Minister Son Sann indicated here today that, when dealing with the human rights issue in Kampuchea, "what happened in the past should be distinguished from what happens in the present, and from what will be happen in the future."

The prime minister made these remarks at a three-day conference on human rights in Kampuchea, being held here by the Federal German branch of the International Human Rights Federation.

Son Sann, who is also president of the Executive Committee of the Khmer People's National Liberation Front, said he hoped the conference will focus on the present human rights issue in Kampuchea.

He pointed out that all violations of human rights in Kampuchea at this time are being committed by the Vietnamese aggressors, and that the colonization of Kampuchea and the Vietnamization of the Kampuchean people are two aspects of these violations.

He said the Vietnamese aggressors have shipped to Vietnam major natural resources from Kampuchea, such as rice, fish, rubber, and wood. They have even taken sculptures from Kampuchea's historic site at Angkor, and sold them in London.

Furthermore, he continued, more than one million Vietnamese have emigrated to Kampuchea, some of them having joined the Vietnam-backed Heng Samrin Army.

Son Sann also referred to letters exchanged between Samdech Norodom Sihanouk and Democratic Kampuchean Vice-President Khieu Samphan on the same issue of human rights.

In his letter to Samphan dated October 30, Sihanouk stressed that "the human rights and freedom of our people should be strictly respected."

Samphan replied to Sihanouk in a letter dated November 1, that "human rights should be respected in order to ensure that the Kampuchean people can fully enjoy their freedoms. The personal security of every citizen should be guaranteed."

About 40 human rights experts from Thailand and other countries attended the conference. A representative of Sihanouk also took part in the meeting as an observer.

The three-day conference is scheduled to end tomorrow.

Filipino House Speaker Meets Chinese Journalists
OW1412032788 Beijing XINHUA in English
1523 GMT 12 Dec 88

[Text] Manila, December 12 (XINHUA)—The Philippine Congress would work for the continuation of friendly relations between the Philippines and China, Ramon Mitra, speaker of the House of Representatives said here today.

In a friendly talk at his office with visiting Chinese journalist delegation led by Zhang Paoyi, deputy director of the "BEIJING REVIEW," Mitra said, "I also know the continuing efforts of the Aquino administration to promote the friendship between our countries."

Mitra said he was the first congressman who visited China in October, 22 years ago.

He said he liked to visit China again very much in the near future and hoped there would be more contact between the two congresses of the Philippines and China.

On the present situation in the Philippines, Mitra said President Aquino has won great popular support. She also has got support of the two chambers of the congress.

Mitra said the Philippine economy had made fast growth in the past 2 years. But the country still faced problems such as the heavy foreign debt, the insurgency, and the bureaucracy. But he said, "We have confidence of our future. There is a wish among our people that under our leader we will find solutions to our problems."

The five-member Chinese journalist delegation has visited Manila and the scenic city of Baguio since it arrived on December 6 as guests of the Philippine National Press Club. It will leave here December 20 after a tour of Cebu, the second largest city of the Philippines.

Philippine Painting Exhibition Opens in Beijing
HK1412143588 Beijing International Service
in Tagalog 1130 GMT 14 Dec 88

[Text] A Philippine painting exhibition was opened in the China Arts Gallery yesterday. Ying Ruocheng, China's deputy minister of culture, and Bitá del Rosario, interim charge d'affaires of the Philippine Embassy, cut the ribbon at the opening ceremony.

Among the guests were responsible persons of the Asian Department of the Foreign Ministry of China, the Foreign Department Bureau of the Ministry of Culture, the Chinese Painters' Association, the Central Fine Arts Institute, and other organizations. Also present were other officials from the Philippine Embassy in China, fine arts students, and art lovers.

More than 50 paintings by Godofredo Zapanta Sr and Salvador Juban, president and vice president of the Leisure Artists Foundation Incorporated respectively, are on exhibit.

Near East & South Asia

Qian Qichen, Iranian Counterpart Hold Talks
OW1512093288 Beijing XINHUA in English
0849 GMT 15 Dec 88

[Text] Beijing, December 15 (XINHUA)—The current trend of international relaxation and dialogue is still developing "thanks to the people of various countries in their struggle against hegemonism and for world peace," Chinese Foreign Minister Qian Qichen said here this morning.

Qian made the statement in his talks with his Iranian counterpart Dr. 'Ali Akbar Velayati who flew into Beijing early this morning for an official visit to China at the invitation of the Chinese foreign minister.

During the talks, the two foreign ministers exchanged their views on the international situation, bilateral relations and the Geneva peace talks between Iran and Iraq.

Speaking of the international situation, Qian stressed the people of various countries "should push forward the current international trend of relaxation and dialogue."

The Iranian foreign minister agreed that the international trend of relaxation and dialogue is growing and this trend of development has been warmly received by the people of various countries.

The Iranian foreign minister briefed his Chinese host on the situation of recent Geneva talks between his country and Iraq and elaborated Iran's position on the settlement to the issues discussed in the talks.

Sources say that to brief the Chinese side about the Geneva talks is one of the major tasks for Velayati in his trip to Beijing.

Commenting on Velayati's briefing, Qian said that China is happy to see the progressing peace talks between Iran and Iraq since their ceasefire.

It is China's hope that Iran and Iraq will implement U.N. Security Council Resolution No. 598 and find a just and reasonable settlement to their disputes on the basis of mutual understanding and accommodation and through consultations on an equal footing and realize a lasting peace in the Gulf region, the Chinese foreign minister added.

Qian declared that China will, as always, support the mediation efforts on the part of the U.N. secretary-general and make due contributions to the realization of peace between Iran and Iraq at an early date.

The two ministers recalled with satisfaction the development of friendly relations of cooperation between China and Iran in recent years. They discussed the ways of expanding the economic and trade relations between the two countries and China's participation in Iran's post-war rehabilitation.

After the talks, Qian gave a luncheon for Dr. and Mrs. Velayati and their party.

Commentary Denounces Israeli 'Provocation'
HK1512035388 Beijing RENMIN RIBAO in Chinese
11 Dec 88 p 6

[Short commentary: "Provocation Against the Cause of Peace"]

[Text] On 9 December, the Israeli authorities outrageously sent a large number of troops to carry out a furious invasion of Lebanon, a sovereign country. This is another barbarous trampling on international norms by the Israeli authorities. On 10 December, the Lebanese acting prime minister filed an emergency charge against the new crime committed by Israel with the UN Security Council.

Recently, some major encouraging changes have taken place in the Middle East. Not long ago, with the help of the Arab countries and after extensive consultations, the PLO publicly announced its acceptance of UN Resolutions 242 and 338 and resolved to seek a political settlement of the Middle East issue through negotiations. On 7 December, PLO Chairman Yasir 'Arafat explicitly announced that the Palestinian National Council "accepts the existence of Israel as a state in the Middle East" and "resists and denounces all forms of terrorism." These major decisions of the PLO have fully demonstrated the PLO's realistic attitude and sincerity toward settling the conflict between the Arab countries and Israel and greatly pushed ahead the

Middle East peace process, and have thereby been supported and welcomed by the majority of countries in the Middle East as well as in the world. People all over the world hope that Arab-Israeli relations will witness a real breakthrough as a result of the PLO's recent change of attitude.

However, the Israeli authorities have adopted a completely negative attitude toward the peace initiative launched by the PLO and have still stubbornly refused to recognize the PLO, refused to hold negotiations with the PLO, and refused to withdraw from the territories Israel has occupied. This stubborn stand has doubtlessly thrown Israel into passivity and isolated it in the international community. What is worse, in Israel, the discontent of the Israeli people has also increased sharply. The recent invasion of Lebanon by the Shamir regime was obviously aimed at diverting the attention of the people of the world and alleviating the mounting international pressure on Israel demanding that it renounce its policy of armed aggression and sit down to negotiate with the PLO to jointly seek a peaceful settlement of the Middle East issue so as to extract itself from the awkward predicament characterized by both internal and external difficulties. The recent Israeli invasion of Lebanon has constituted not only sabotage of the Middle East peace cause but also a provocation against all the countries and people that hope to see peace in the Middle East and uphold justice.

It is known to all that the Palestinian question is the crux of the Middle East question. Over the past decades, in order to wipe out the Palestinian cause, Israel has on numerous occasions carried out ruthless persecution against the Palestinian people. However, the Palestinian people have not yielded to this ruthless persecution. On the contrary, the Palestinian cause has experienced continued expansion. That the Palestinian people's struggle is still continuing and growing in strength in the Israeli-occupied territories at present and that the PLO has succeeded in gradually raising its international status have fully attested to this fact.

The cause of justice can never be wiped out by suppression. Just as the Jewish nation could not be exterminated by fascism, the Palestinian nation will never be exterminated. That those guilty of too much injustice will have it boomerang on them is a law already attested to by the history of mankind. In which direction will the Israeli authorities go? The Israeli authorities should squarely face the reality of the Middle East and the international trend and immediately change to new ways, otherwise it will destroy itself, for whoever plays with fire will perish by fire.

RENMIN RIBAO Praises Palestinian People
HK1512035988 Beijing RENMIN RIBAO in Chinese
9 Dec 88 p 6

[Article by An Guozhang (1344 0948 4545): "An Unyielding People and a Just Cause"]

[Text] The flames of the struggle against Israeli occupation ignited by the Palestinian people on the West Bank

of the Jordan River and in the Gaza Strip have burned for 1 full year. This struggle, which is heading toward new development in depth and breadth, reflects the strong will of the Palestinian people in their fight for survival. It marks the turning of a new page in the cause of liberating Palestine.

The struggle was touched off by an Israeli military truck smashing into a car fully loaded with Palestinians in the Gaza Strip on 8 December last year, killing four people and injuring five others. The struggle very quickly spread to the whole of the West Bank and the Gaza Strip. This was an outburst of the Palestinian people's pent up rage after living for the past several decades under the bayonets of the occupying Israeli Army.

During the past year the Israeli authorities have used savage means to suppress the Palestinian people in a cold-blooded manner but the alert Palestinian people have not yielded. Instead, the struggle has continuously increased and has also won the widespread sympathy and support of both the Arab states and the international community.

The significance and influence of this struggle have far exceeded people's expectations. First, it has dealt a heavy blow to Israel. It is reported that in the past year Israel has shown a sharp decline in its economic strength. The jobless rate in its production sector has reached 7.2 percent. Meanwhile, contradictions within the state of Israeli have intensified. The masses have shown an increasing feeling of dissatisfaction and there has been an increase in the divisions between the two big parties in the ruling group—Likud and Labor.

Second, the large-scale mass struggle in Palestine has highlighted the Palestinian issue. It is for all the world to see that the Palestinian issue cannot be overlooked. It is still the core of the Middle East problem. Without a solution to this problem the Middle East cannot have sustained peace and stability. Under the situation of an ever increasing struggle in the occupied territories the PLO, headed by 'Arafat, has strived to strengthen its own unity and its unity with Arab states. It quickly called a special meeting of the 19th plenary session of the Palestinian National Council [PNC] and it has clearly indicated its acceptance of UN Resolutions 242 and 338. It has charted the road to a political solution of the Palestinian issue through international conferences and made new efforts toward stimulating the Middle East peace process.

Third, this struggle has enhanced the PLO's prestige. The resolution adopted by the 19th plenary session of the PNC has received universal support and praise from the world's various countries. To date, more than 60 countries have officially announced recognition of the Palestinian State. In addition the UN General Assembly recently voted 151-2 on a resolution condemning the United States for its rejection of PLO Chief 'Arafat's application for a visa to enter the United States. They

decided to hold the general debate on the Palestinian question elsewhere. This has never happened since the founding of the United Nations. With large support for the just cause of the PLO, the United States and Israel have been left in isolation.

With the development of the Palestinian people's struggle in the occupied territories the Palestinian issue has focused more of the world's attention. Today, the whole world is shifting from confrontation to dialogue. The world's various countries are devoted to economic development. Under this situation, the unsettled Middle East situation has increasingly become an important factor in regional and world peace and security. What disturbs us is that Israel is still unwilling to give up its policy of expansion. There has also not been much change in the stand by the United States in shielding Israel. But the flames of the Palestinian people's struggle have spread far and wide. The just cause of the Palestinian people is bound to be crowned with victory.

Kuwait To Build Civil Airport in Jinan

SK1412055388 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 13 Dec 88

[Text] A ceremony to sign an agreement on building Jinan (Yaoqiang) Airport with loans provided by the State of Kuwait was held at Qilu Guesthouse on the afternoon of 13 December.

On behalf of the PRC and the State of Kuwait, Ma Shizhong, vice governor of Shandong Province, and (Badeerao Humaidi), general director of the Kuwait Economic Development Foundation under the United Arab Republic, signed the agreement.

Jinan (Yaoqiang) Civil Airport is a key project approved by the State Council. The total investment is 100 million yuan renminbi. According to the agreement signed between China and Kuwait, Kuwait will grant a loan of \$10 million to China. The loan will be used principally to import foreign advanced facilities. Construction for the airport project will start in 1989 and be completed in the first half of 1991. At that time, large and medium-range passenger airplanes, including Boeing 707 and 737 passenger planes, will be able to take off and land at the airport. Air routes will be opened from the airport to various key cities in China, Hong Kong, Japan, and Southeast Asia.

On the evening of 13 December, Vice Governor Ma Shizhong also feted the guests from Kuwait.

East Europe

Hungarian Minister's Press Conference Reported

HK1512022188 Beijing RENMIN RIBAO in Chinese
10 Dec 88 p 4

[Report by Cun Shu (1317 3219): "Hungarian Minister of Foreign Affairs Holds a Press Conference in Beijing"]

[Text] Beijing, 9 Dec—Hungarian Minister of Foreign Affairs Peter Varkonyi held a press conference for Chinese and foreign reporters at the international club this afternoon briefing them on his China visit and answering their questions.

Minister of Foreign Affairs Peter Varkonyi related his meetings with Premier Li Peng and Vice Premier Wu Xueqian as well as the discussion between him and Chinese Foreign Affairs Minister Qian Qichen on bilateral relations and issues of mutual interest. The Hungarian and Chinese sides unanimously agreed to make every effort to bring about further development in all fields of relations between the two countries, he pointed out, adding that he was satisfied with the results of his visit.

On Sino-Soviet relations, the Hungarian Minister of Foreign Affairs remarked that Foreign Affairs Minister Qian Qichen's recent visit to the Soviet Union was a

welcome and important step toward the complete normalization of Sino-Soviet relations. Gorbachev's announcement at the UN General Assembly session of the Soviet unilateral decision on reducing its armed forces by 500,000 men has been well received by many countries in the world, he said. In particular, he added, Hungary welcomed this decision.

During his China visit, the Hungarian Minister of Foreign Affairs signed with the Chinese side an agreement on the mutual exemption of visas and another agreement on cooperation between the two countries' Ministries of Foreign Affairs.

Li Peng Heads Meeting on Ministry of Supervision
*OW1512125588 Beijing Domestic Service
in Mandarin 1030 GMT 9 Dec 88*

[From the "National Hookup" program]

[Text] Premier Li Peng recently presided over the seventh meeting of the State Organs Establishment Commission. The meeting examined and approved, in principle, the "three definitions" plan of the Ministry of Supervision describing the ministry's main functions and tasks, the creation of its organs and their responsibilities, and their authorized personnel strength. It describes the key points of the Ministry of Supervision's "three definitions" plan as: to determine, in explicit terms, the functions of its organs; to organize them to serve its functions; and to strengthen their supervisory mechanism. The Ministry of Supervision is a functional department of the State Council responsible for supervising administrative work. Its main responsibilities are to supervise and inspect state administrative organs and their personnel at all levels, and the execution of national policies, laws, and regulations, and national economy and social development plans by leading cadres of enterprises and institutions appointed by state administrative organs. These responsibilities also include investigating and dealing with violations of law and discipline by these personnel to ensure honest government, and to prevent them from becoming corrupt. They also include improving and strengthening administration and raising administrative efficiency in order to ensure the implementation and execution of the party's basic line during the initial stage of socialism.

The "three definitions" plan approved by the State Organs Establishment Commission stipulates that the Ministry of Supervision may, in accordance with the seriousness of each case, relieve an individual from his administrative position and mete out other disciplinary sanctions in those cases filed for investigation and prosecution by the Ministry of Supervision concerning violations by personnel of national policies, laws and regulations, and administrative discipline.

In order to adjudicate impartially and effectively major and serious cases as well as special cases requiring protracted investigation, and to strengthen and improve administrative supervision, the Ministry of Supervision has set up a supervisory work advisory committee, and a committee for hearing such cases.

Tian Jiyun Commends Flood Fighting Efforts
*HK1512095788 Beijing RENMIN RIBAO
in Chinese 10 Dec 88 p 1*

[Report: "State Flood Fighting Headquarters Commends Individuals, Units for Making Contributions to Fighting Floods"]

[Text] Tian Jiyun, vice premier of the State Council and head of the state flood fighting headquarters, on 8

December issued an order of the state flood fighting headquarters to cite advanced groups and individuals in the flood fighting effort this year.

Relatively large floods have affected some of the country's rivers and streams this year. In the anti-flood struggle there emerged a large number of advanced groups and individuals. Thirty-two units, including the 39602 Unit of the PLA, and four individuals, including Li Chunfang, are outstanding performers in flood fighting. To cite their brave acts and enable their spirit to be promoted and carried forward, such titles of honor as 1988 advanced flood fighting group and flood fighting model were specially bestowed on them.

To save expenses, the flood fighting headquarters decided not to hold an award-giving meeting. A special order was given to hand out the awards.

Administrative Procedure Law Review Urged
*OW1412020888 Beijing XINHUA in English
1530 GMT 13 Dec 88*

[Text] Beijing, December 13 (XINHUA)—Government [words indistinct] legal experts have been asked to consider the draft administrative procedure law, which will give ordinary citizens power to bring legal actions against government officials.

"China does not have enough experience to draft such a law," said Vice Chairman of the National People's Congress (NPC) Standing Committee Wang Hanbin at a symposium here today.

Participants at the symposium, sponsored by the Commission of Legislative Affairs under the NPC Standing Committee, include those from local people's congresses, state administrative departments, courts at various levels and noted legal figures.

Since the draft law was published last month to solicit public opinion, the Commission of Legislative Affairs has received over 100 letters from workers, farmers and administrative and justice officials as well as from university professors and students, said Wang, who is also the commission's director.

Many letters have suggested that cases be heard by administrative tribunals, especially those which involve administrative interference in the running of enterprises.

This morning Standing Committee Chairman Wan Li participated in the symposium, which is to last seven days. Also present at the meeting were NPC Standing Committee Vice Chairmen Peng Chong and Zhou Gucheng.

Article on Building Parliamentary Democracy

HK1412034188 Shanghai SHIJIE JINGJI

DAOBao in Chinese 28 Nov 88 p 7

[Article by Cao Siyuan (2580 1835 3293), director of the Stone Social Development Research Institute: "A Thousand Li Journey Is Started by Taking the First Step"—Third Discussion on Building Socialist Parliamentary Democracy"—first five paragraphs are SHIJIE JINGJI DAOBao introduction]

[Text] —Introduce the competition mechanism into the election of people's deputies in order to improve the composition and quality of people's deputies.

—Reform the working system of the People's Congress. During their terms of office, People's Congress Standing Committee members should work full time and hold meetings once a month. It is necessary to institute a People's Congress hearing system in order to raise the scientific and democratic character of People's Congress decisions and work efficiency.

—The ways to bring the People's Congress into the open are as follows: Develop the system under which people can attend People's Congress meetings as visitors, set up a RENDA BAO [PEOPLE'S CONGRESS NEWS], install special telephone lines for citizens to make calls to the People's Congress, and so on.

—The activities of citizens representing different interest groups and different ideological views who try to influence deputies with their ideas outside the People's Congress meeting place are an effective way to strengthen the links between voters and their deputies, facilitate citizens' participation in government and political affairs, and help the People's Congress give better scope to its central role, and should be protected.

—The revision of the Constitution is an important project of the People's Congress in its 5-year term. It is necessary to launch a large-scale discussion on the revision of the Constitution by the whole people, to encourage contention among different ideas, and to revise the Constitution article by article when the conditions are ripe.

The establishment of a socialist parliamentary democratic system naturally cannot be completed at one go, but should only be gradually developed. Here, viewed in isolation, each specific step has inconspicuous, limited objectives and is insufficient to solve major issues. However, the accumulation of these objectives over a long period will probably develop into a new political structure. As an ancient figure put it, a thousand li journey is started by taking the first step. The steps and measures for building socialist parliamentary democracy may be summed up in the following five aspects:

Improve the Quality of People's Deputies

The basic condition for bringing into play the role of the People's Congress is to improve the composition and quality of people's deputies (including the people's congress standing committee members). To achieve this, the key lies in introducing the competition mechanism into the election of people's deputies and in the institution of the system of running for election for people's deputies.

Although the campaign system is an outcome of the struggle against feudal autocracy by the bourgeoisie in modern history, it is also the crystallization of the progress of human history. Instead of being a patent of the bourgeoisie, it embodies the aspirations and demands of the proletariat and the broad masses of the laboring people. In a socialist society, an election campaign is still a good way to make voters understand the candidates. There is nothing terrible about it. It is nothing more than letting candidates and those trying to seek nomination make public appearances, deliver speeches, expound their views on matters of concern to the voters, and display their ability to participate in and discuss political affairs as representatives of the popular will. It also enables voters to understand and compare the quality of candidates and use this as the basis for their votes. In the course of an election campaign, a candidate does not have any "umbrella," but should depend on himself to win the voters' trust; instead of blindly electing, as they did before, those whom they are not acquainted with, the voters can use their brains to make a judgment or choice. Since both the candidates and the voters are in positive and active situations, the whole election process is serious, earnest, animated, and lively. Therefore, this is not only an effective way to ensure the high quality of elected deputies, but also a good classroom in which to study the democratic process and accept the nurturing of democracy.

Reform the People's Congress Working System

In this respect, we may consider adopting the following six measures:

1. The State Statistical Bureau and the State Auditing Administration should be put under the leadership of the NPC Standing Committee, and the two departments should simultaneously provide services to society according to law. Thus, on the one hand, this can help ensure the independence, impartiality, and objectivity of statistical and auditing work; on the other hand, it can help the People's Congress exercise supervision over the government, the Supreme People's Court, and the Supreme People's Procuratorate. Without statistical and auditing means it would be very difficult to exercise this supervision.

2. The NPC meeting should be held in mid-November every year in order to promptly sum up the work for that year and to decide on the government administrative program for the coming year. At present, the NPC

meeting is held in March or April every year. The fact that the budget is "examined and discussed" after it has been implemented for one-third or one-quarter of the time is actually a practice of acting first and reporting afterward, which makes it impossible to impose restrictions.

3. With regard to the motions which People's Congress deputies put forward at the NPC meeting, the secretariat of the meeting should print the motions (or 1,000-character excerpts) and distribute them to all deputies within 3 days. On the 3d day after the closing date for submitting proposals, written votes should be taken to select 10 motions of common concern to most deputies, which are to be immediately discussed at the current session. The prevailing practice nowadays is that several hundred motions are made known to all deputies only at the end of the meeting and that, instead of discussing them at the meeting, the deputies wait for the report on the handling of the motions at the next year's meeting. This is indeed seriously low efficiency and makes it impossible to bring into play the role of the People's Congress.

4. NPC Standing Committee meetings, lasting about 10 days, should be held once a month. The rest of the time should be devoted to investigation, studies, and other activities. The present method, holding a meeting once every 2 months, makes it impossible for the NPC Standing Committee to finish its arduous tasks in good time. Correspondingly, NPC Standing Committee members should devote themselves full-time to their work during their terms of office. Those who cannot persist in working 8 hours a day should not become NPC Standing Committee members.

5. Efforts should be made to improve the quality of NPC meetings and of its standing committee meetings and to organize well debate among differing views. This should be taken as the principal basis for assessing the work capacity of the persons presiding over the meetings. We should try as far as possible to publish in writing views on which there are no differences of opinion. Only by carrying out in-depth debates on major issues is it possible to deepen the understanding of people's deputies and then guide the masses of the people to deepen their understanding.

6. It is necessary to institute a People's Congress hearing system. When examining and discussing motions, state plans and budgets, government policies, and the choice of state leaders and investigating major political and social issues, the NPC, as well as its standing committee, special committees, and relevant fact-finding committees, has the right to conduct hearings and make inquiries, thus raising the scientific and democratic character of the People's Congress decisions and work efficiency.

Bring the People's Congress Into the Open

It is absolutely necessary to make the People's Congress known to the public. Only when the People's Congress is brought into the open will it be possible for the broad

masses of the people to understand, supervise, learn from, and support it and for the people's congress to bring into full play its role as the center of the state's political life.

There are several ways to bring the People's Congress into the open:

1. It is necessary to develop the system under which people attend People's Congress meetings as visitors. The Second Meeting of the Seventh NPC Standing Committee adopted the concept of this system by installing gallery seats and asking the responsible persons of some mass organizations to attend the meeting as visitors. This is a good beginning, but it should be further developed. On the condition that the order of the meeting is not obstructed, the scope of attending meetings as visitors should be expanded. Moreover, television and radio stations should be allowed to record the meeting for live coverage or transmission later.

2. It is necessary to set up a RENDA BAO to promptly report the daily activities of the NPC and its Standing Committee and to systematically conduct theoretical studies, publicity, and education in socialist democracy. There are numerous newspapers in the country. Many provinces and municipalities have their own youth papers (which is a good thing). However, only the People's Congress, which is an organ of state power, does not have its own official newspaper. Information about the People's Congress can only be transmitted through spaces squeezed out of party papers, Army papers, CYL papers, and women's papers. This obviously does not suit the needs of democratic building. There is perhaps no reason to put off this matter any longer, and it is hoped that the newspaper can be started in 1989.

3. The People's Congress Standing Committees at all levels should install special telephone lines to make it possible for citizens to reflect their views and understand the situation. Many cities have installed special telephone lines to mayors. JINGJI RIBAO also installed a special telephone line during the Seventh NPC meeting. In fact, it is even more necessary for the People's Congress to install these telephone lines in order to communicate with citizens.

4. For a certain period before they are put to the vote, all draft laws should be made public in RENDA BAO in order to extensively solicit opinions; before major reform decisions are taken, all possible efforts should be made to put them to the citizens for public discussion.

Give the Right Name to Lobbying Activities

Lobbying activities refers to the activities of citizens representing different interest groups and different ideological views who go canvassing among parliamentarians outside the parliament or parliamentary meeting place and influence the parliamentarians with their ideas in order to promote or prevent the passing of a law. This

lobbying activity is fairly common in the West, and U.S. law also recognizes and protects it. Many works on political science also regard the lobby system as a manifestation of political democracy, holding that the existence of citizens who are keen on canvassing (also called lobbyists) increases the chance of political expression and embodies the right of citizens to petition.

In the past, because the People's Congress did not engage in full activities, lobbying activities were out of the question. When people had opinions or demands, they used to seek party committees or governments. They seldom sought the People's Congress, still less wanted to influence its legislation. However, during the Second Session of the Sixth NPC in 1984, I went to see People's Congress Deputy Wen Yuankai to talk face to face about a motion on the formulation of the bankruptcy law. He readily agreed to collect signatures for the motion. When the NPC Standing Committee examined and discussed the draft bankruptcy law in 1986, I sent every Standing Committee member a pamphlet entitled "A Talk on Enterprise Bankruptcy Law." Later, in the capacity of the author, I telephoned all Standing Committee members to talk about this issue. During the Fifth Session of the Sixth NPC in March 1987, I again called on Wen Yuankai, who immediately expressed his approval of the institution of the system under which people attend People's Congress meetings as visitors. He also collected the signatures of 32 People's Congress deputies for the motion on instituting the system. The work which I have carried out in my individual capacity as a citizen is also called by other people "lobbying activities." Although I have received both praise and censure for this, the objective result is still good, and I do not regret it. Not only do I not regret it, but I still want to give China's lobbying activities a good name and to let more enthusiastic citizens justifiably go canvassing.

For example, in the course of reform and opening up to the outside world in the past few years, the numerous people-run enterprises under public ownership in all places have made great contributions to society. But their legal status has not been defined and their rights and interests are liable to infringement. These entrepreneurs may discuss the question of drafting the "Law for Protecting People-Run Enterprises Under Public Ownership" with social scientists who are interested in it. They can also send materials to People's Congress deputies and vigorously call for legislation.

Since People's Congress deputies have the responsibility to represent popular views, they should naturally welcome voters going canvassing and airing their views. These lobbying activities are an effective method to strengthen the links between voters and their deputies, to make it convenient for citizens to participate in and discuss government and political affairs, to integrate issues inside and outside meetings, and to help the People's Congress give better scope to its central role. This is both reasonable and legitimate and should be protected.

Gradually Revise the Constitution

It is laid down in our country's Constitution that "all power in the PRC belongs to the people, and the organs through which the people exercise state power are the NPC and the local people's congresses at different levels." Therefore, taken as a whole, the socialist parliamentary democratic system is something within the scope of the Constitution and a task in implementing the basic principles of the Constitution. However, because some clauses in China's Constitution are not sufficiently perfect, it is necessary to gradually revise and supplement them. The work of revising the Constitution has, in some sense, a direct bearing on the building of socialist parliamentary democracy and in some sense is the requirement of political and economic restructuring on a more extensive scale. The coordination of the reform process, the legislative work, and the revision of the Constitution can help yield and consolidate the results.

We should select important items from the above-mentioned measures for building socialist parliamentary democracy and let them be reflected in the revision of the Constitution. Furthermore, I think the present Constitution should be revised or supplemented with regard to the following 10 points:

1. To ensure the standard and seriousness of the fundamental law of the state, the names of individuals should be deleted from the Constitution. The reason is that the purpose of a constitution is to lay down the state's fundamental system, as well as the basic rights and duties of citizens. A constitution is neither a theoretical textbook nor a resolution on several historical issues. It need not assess the merits and demerits, rights and wrongs, of individuals, nor is it necessary to define the historical status of any individual in the Constitution.
2. To prevent the turning of slogans suitable in a certain period, aspect, and sense into basic slogans for administering the state, and thus repeating historical errors, and to effectively reflect the fundamental aim in founding the Republic, it is suggested that, at the beginning of Article 2 of the Constitution, a sentence should be added, namely: "The slogan of the PRC is: The interests of the people are above everything."
3. Because the word "perfect" cannot generalize or replace the meaning of "reform" and because the reforms of the political, economic, and other structures is a long-term task, it is suggested that the word "reform" should be added to "improving the system of economic administration" in Article 14 of the Constitution and to "steadily improve socialist institutions" in Paragraph 7 of the preamble of the Constitution.
4. In view of the fact that in practice the development of public ownership has broken through the two forms, namely, the system of ownership by the whole people and the system of collective ownership, and that various forms of joint-stock system and enterprise ownership

system have come into being, it is suggested that, in Section 1 of Article 6 of the Constitution, the provision that there are only two forms of socialist public ownership, namely, ownership by the whole people and collective ownership, be revised to "with the prerequisite of the leading position of socialist public ownership, the PRC develops diversified economic sectors. Socialist public ownership can have numerous forms." In this way the status of numerous kinds of public ownership is defined and there is ample room for the development of various forms of public ownership.

5. In the initial stage of socialism, we need numerous forms of distribution based on distribution according to work. Therefore, it is suggested that corresponding revisions be made in Section 2 of Article 6 of the Constitution.

6. Because Article 15 of the present Constitution only reflects people's outdated understanding of the planned economy, the commodity economy neither has any status in, nor is subject to the protection of, the Constitution. Therefore, it is especially necessary to rewrite this article as follows: "On the basis of taking numerous kinds of public ownership as the main body, the state practices socialist commodity economy. Sabotage of the orderly functioning of the social economy by any organization or individual is prohibited."

7. It is suggested that, after Section 20 of Article 67 of the Constitution, it is necessary to explicitly stipulate the strict procedure for suspending some clauses of the Constitution in a state of emergency. Thus, on the one hand, it provides the Republic with methods to deal with emergencies in special circumstances and, on the other hand, it enables the people of the whole country to easily supervise the implementation of the Constitution and to struggle against all actions in violation of the Constitution. Actions to suspend the Constitution without going through the necessary procedure are actions in violation of the Constitution.

8. It is suggested that a sentence be added at the end of Article 51, to the effect that the reasons for restricting the exercising by citizens of their freedoms and rights should be stipulated by law and not explained at will by any organs or individuals.

9. In view of the fact that the principle whereby an accused person is presumed innocent until proven guilty constitutes an important precondition for whether or not a citizen's basic rights and personal freedom can be effectively guaranteed, it is suggested that this principle be incorporated at the end of Paragraph 2 of Article 37 and that the Law of Criminal Procedure be revised accordingly.

10. In view of the fact that bringing the meetings of legislative organs into the open is a historical trend toward openness in world politics today and is an important condition for practicing parliamentary

democracy, it is suggested that we should take for reference the relevant provisions in the constitutions of many countries and add a clause at the end of Article 77 of our Constitution, defining an open system for the meetings of the NPC and its Standing Committee.

The revision of the Constitution concerns the fundamental law of the state. It is especially necessary for citizens, in the hundreds of millions, to take an active part and pool their wisdom. On no account should we make a mystery of it or put on a show only in the upper-level organs. It is suggested that the Seventh NPC take the revision of the Constitution as an important item in its 5-year term. While not relaxing in other tasks, it should launch an all-people discussion on the revision of the Constitution, encourage contention among differing views, and make decisions when a relative consensus of view is reached among most People's Congress deputies. We should revise the Constitution article by article when the conditions are ripe. If we can revise 2 articles a year and 10 articles in 5 years, it will be quite good. This can not only ensure high quality in the revision of the Constitution, but will also be a considerably long, lively activity to publicize the Constitution. Heightening the consciousness of cadres and the masses concerning the Constitution constitutes basic training in building socialist parliamentary democracy and perpetuating the political stability in our country.

Procuratorate Uncovers 228 Major Economic Crimes
OW1412152888 Beijing XINHUA in English
0632 GMT 14 Dec 88

[Text] Beijing, December 14 (XINHUA)—In its current crackdown on crime the Supreme People's Procuratorate (prosecutor's office) has ferreted out 228 major economic cases, a procuratorate official told XINHUA today.

The crimes unearthed included 112 cases of corruption, 49 embezzlement cases, 12 bribes and 55 other incidences of economic malfeasance, the official said, adding that each case involved at least 50,000 yuan.

Local procuratorates have begun proceedings against most of the offenders, and some have already been tried, convicted and sentenced.

In one of the cases, Zhang Xiaoming, manager of the Dongjiang Electronics Corporation at Zhuhai, in Guangdong Province, has been arrested for the alleged embezzlement of 4.6 million Hong Kong dollars between April and May of this year.

Zhang allegedly poured the entire amount down the drain during a gambling spree in Macao.

In another case, Yan Wei, a clerk at the Baqiao Branch of the Industrial and Commercial Bank of China in Xian, has been sentenced to 15 years imprisonment for misappropriating 3.8 million yuan—and embezzling an additional 5,258 yuan.

Nuclear Industry 'Advancing With Difficulty'
HK1412074388 Beijing ZHONGGUO XINWEN SHE
in Chinese 0326 GMT 12 Dec 88

[Roundup by Zhu Huiyi (2612 0583 8381): "Despite the Difficulties Confronted by China's Nuclear Industry in Advancing Toward Peace, the Prospects Are Broad"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 12 Dec (ZHONGGUO XINWEN SHE)—Since the beginning of the 1980's, China has substantially reduced the production of nuclear weapons, and the focus of its nuclear industry has shifted to the development of nuclear energy and the popularization of isotopic and nuclear technology, as well as the development of civilian products.

In heading toward peace over the past few years, China's nuclear industry has met with numerous difficulties. It is still advancing with difficulty.

A responsible person in charge of a nuclear weapons production base complained that, although his plant would become an important base supplying fuel to nuclear power stations and disposing of nuclear waste, it was still in the state of "waiting for the rice to cook" because the first batch of nuclear power stations would not go into operation until the 1990's. The fact that it is situated in the Gobi Desert and has slow access to information and long communications lines has resulted in the annual output value of its civilian products fluctuating at a low level.

Observers here hold: In the course of advancing from atom bombs to nuclear power stations, there have been periods when China's nuclear industry has been in neutral. To achieve self-independence, considerable forces will be needed to shift 300,000 workers in the nuclear industry to the production of civilian products. However, the common problems faced by this contingent of workers are the shortage of funds and resources, poor transport facilities, and the fact that most nuclear polluted equipment cannot be used to manufacture civilian products.

The prospects for popularizing isotopic and nuclear technology can hardly be optimistic either. Although its fine varieties of farm crops cultivated with nuclear radiation account for 43 percent of the world's radioactive breeding, China's radioactive processing industry and production of isotopic instruments have not developed into mass production; the method of using isotopes to make diagnoses and give treatment has been applied

in clinical practice in only one-fifth of large and medium-sized hospitals; the annual output value of radioactive medicine amounts to a mere 10 million yuan and, of the 150-odd radiation centers in China, very few engage in commercial operations.

Tracing the matter to its source, a responsible person of China's Isotope Corporation said in criticism: The state does not have unified planning and perfect regulations on the production and application of isotopes, nor does it give support in terms of funds and equipment; the relevant departments place too many restrictions on the transport of isotopic products, and the deep-rooted "nuclear-terror mentality" among the masses has also restricted the popularization of nuclear technology.

However, an authoritative person in the nuclear industrial circles is still optimistic about the prospects for the peaceful use of atomic energy in China.

The central government has repeatedly affirmed that the development of nuclear power stations is an important way to resolve the problem of energy growth in the medium and long term. The second-phase project of Qinshan nuclear power plant has recently been approved. Plans are also being made for the construction of a nuclear power station in northeastern China. Construction of a large power-driven nuclear waste after-treatment base [dong li tui he fei liao hou chu li ji di 0520 0500 2236 2702 1683 2436 0683 5710 3810 1015 0966] will start soon in northwestern China.

On the question of how to solve the problem of the funds needed for the development of nuclear power, some experts here suggest concentrating the state's limited energy funds and idle funds by issuing bonds and debentures and, at the same time, appropriately using low-interest international loans.

Introducing mature technology from abroad and forming joint ventures or cooperating with foreign countries will be an important path to isotopic production and popularizing nuclear technology. Talks are being held on importing a radioimmunotechnological project from Australia. China's Isotope Corporation has set up radioimmunoreagent diagnosing centers in Beijing, Tianjin, Shanghai, and Guangzhou, and will popularize them in other cities, as well as in Hong Kong and Singapore.

In developing civilian products, the nuclear industrial enterprises have taken accelerated production of raw materials in short supply as a point of breakthrough. A production line with an annual production capacity of 15,000 tons of titanium white powder will soon be commissioned, and the construction of a chemical fertilizer plant with an annual output of 300,000 tons has started. In Jiangxi and Baotou, construction of large rare-earth production bases is under way.

Tax Reduction, Special Exemptions To Be Dropped
HK1412040588 Beijing RENMIN RIBAO in Chinese
9 Dec 88 p 2

[Report: "The State Taxation Administration Lays Down Rules Calling for Sorting Out and Dropping Special Tax Reduction and Exemption Concessions to Companies in Various Categories"]

[Text] To uphold the spirit of the decision of the CPC Central Committee and the State Council on sorting out and reorganizing companies, the State Taxation Administration laid down on 5 December "Certain Rules Governing the Sorting Out of Tax Reduction and Exemption Concessions to Companies in Various Categories." The rules call for dropping income tax reduction and exemption concessions originally granted to various types of companies. Apart from paying the circulation tax, and other taxes, various types of companies should also pay income taxes as required by the rules.

The "Rules" point out that the scope for the act of sorting out special tax reduction and exemption concessions to various types of companies is: Placed on the list of being sorted out are various types of companies run by Party, government and military departments, democratic parties and groups, mass organizations, various associations and societies, and foundation funds (including centers and development departments run along the lines of companies), especially various types of companies, which are of a non-productive, comprehensive and financial nature and which are involved in the area of circulation, and all those companies previously granted temporary tax reduction and exemption concessions by governments at various levels and financial and tax departments at various levels.

In sorting out and rearranging special income tax reduction and exemption concessions to various types of companies, we should observe the following rules:

First, all those companies operating illegally, or operating in serious violation of the financial rules of discipline should immediately be removed from the list of special tax reduction and exemption concessions. Apart from the confiscation of income obtained in defiance of the law, reimbursements should be claimed, according to the relevant rules, for special tax reduction and exemption concessions granted on their regular income.

Second, those companies, which have enjoyed special income tax reduction and exemption concessions and which, after being sorted out, have been determined as ones to be abolished or required to suspend operations, should be denied special tax reduction and exemption concessions and called upon to pay back income taxes for the year 1988.

Third, special tax reduction and exemption concessions which have been granted to companies by governments at various levels and relevant departments by going beyond the limits of their authority should all be stopped, with the restoration of regular taxation beginning from 1 October 1988.

Fourth, special tax reduction and exemption concessions, which have been granted to companies for the development of new technologies owned by all the people within the system of the Academy of Sciences of China in line with the spirit of the relevant documents from the State Council, should be continuously carried out, as originally stipulated.

The "Rules" call on tax departments at various levels to strictly uphold the spirit of the rules, pay close attention to sorting out tax reduction and exemption concessions to various companies, and report the results of the efforts to the State Taxation Administration before the end of this year.

State Statistics Bureau Says Inflation Slowing
HK1512051288 Beijing CHINA DAILY
in English 15 Dec 88 p 2

[By staff reporter Zhang Yuan]

[Text] Price increases continue but at a slightly lower rate, according to the monthly report by the State Statistical Bureau.

Last month, the living cost of China's 32 major cities showed an increase of 30.3 per cent over the same period in 1987. The percentage rate was 0.7 points lower than the October rate compared with October 1987.

Last month, retail sales totalled 64.1 billion yuan, up 23.5 per cent over the same period in 1987—the lowest since February.

Purchases by state-owned enterprises, institutions and government offices were brought under control to some degree, with a total consumption of 5.5 billion yuan, up only 13.1 percent over the same month last year.

From January to November this year, total retail sales were 663.6 billion yuan, up 27.6 percent over the same period last year.

Commodity storage, though still weak, increased by 7.4 percent over the previous month, which was 18.2 percent more than the same period last year.

In the first 10 months, prices of retail goods increased 17 percent compared with the same period last year.

In November, the national revenue was up 30.1 percent while expenditure was up only 6.8 percent, lower than for the same period last year.

The Statistical Bureau reported that residents' savings deposits in banks totalled 368.6 billion yuan by the end of November, 61.2 billion yuan more than at the beginning of this year. Last month alone, bank savings increased by 6.45 billion yuan.

The bureau said 9,597 capital construction projects, with an investment of 36.85 billion yuan and further reinvestment of 29.9 billion yuan, were stopped. But the report warned that 23,825 new projects, each with an investment of more than 50,000 yuan, started construction by the end of last month. The report said that capital construction was still rampant and attention had to be paid to the problem.

Statistics for November Industrial Output
OW1512102888 Beijing Domestic Service
in Mandarin 1030 GMT 7 Dec 88

[Text] By the end of November, China's industrial output value reached 1.099 trillion yuan, up 17.7 percent from the same period last year, fulfilling this year's projection a month in advance.

According to the State Statistics Bureau: November's industrial production slowed quite a bit, compared with the previous 9 months, and the production drop in light industry was greater than that in heavy industry.

In terms of localities, industrial growth slowed, to various degrees, in many localities across the country, with the exception of Shandong and Sichuan, where industrial growth continued to accelerate.

In terms of products, production of a majority of consumer goods, such as light industry, textile, and electronic products, continued to grow. However, production of nylon, newsprint, and daily aluminum ware was reduced due to a shortage of raw materials. Besides, production of energy and raw material further worsened. Production of water, electricity, crude oil, and raw coal dropped remarkably from the previous 10 months. An energy shortage severely limited the production of raw materials and means of production that assist in agriculture. Of the major 40 kinds of raw materials, production growth slowed for 17 and production dropped for 14 of them. Production of chemical fertilizer, for example, plunged by 3 percent.

The information released by the State Statistics Bureau also showed that in the last 3 months, the credit squeeze, aimed at controlling industrial scope, began to bear results. However, industrial deposits plunged sharply and many industrial enterprises fell further behind in their payment of taxes and profits. Therefore, to ensure effective supply of goods in demand, it is necessary to couple a credit squeeze with inner restructuring of industries.

Symposium Discusses Theories on Economic Reform
OW1412004488 Beijing QIUSHI in Chinese
No 10, 16 Nov 88 pp 6-14

[Excerpts of speeches delivered at the symposium on "Improving Economic Environment, Rectifying Economic Order, Deepening Reform in An Overall Way" by Xue Muqiao, Jing Shuping, Tao Dayong, Xiao Zhouji, Ding Ningning, Yang Peixin, Lu Baifu, Zheng Hongqing, Wan Dianwu, and Lu Nan]

[Text] Editor's note: To better implement the guidelines contained in the resolution of the 3d Plenary Session of the 13th CPC Central Committee, this journal, together with the Central Television Station, and ZHONGGUO SHEHUI KEXUE [0022 0948 4357 2585 4430 1331] magazine, sponsored a symposium on 28 October to discuss theories on improving the economic environment, rectifying economic order, and deepening reform in an overall way. Over 20 comrades spoke at the symposium or submitted written speeches to it. Excerpts of their speeches are published here and in subsequent issues of this journal.

Deepening Reform Requires Strengthened Macro Control—by Xue Muqiao (Economic, Technological, and Social Development Research Center of the State Council)

The 3d Plenary Session of the 13th CPC Central Committee set out the tasks for improving the economic environment, rectifying economic order, and deepening reform in an overall way. This is another new turn in the principle guiding the economic construction of our country.

The 3d Plenary Session of the 11th CPC Central Committee put forward the principle of readjustment and reform of the national economy (including opening to the outside world). The central idea was to reform the economic structure to bring about a sound development of the national economy. At that time, however, because of the serious disproportion among the various sectors of our national economy, it would have been impossible to go ahead with reform without readjusting the proportion among the economic sectors. After 5 years of effort, the task of readjusting the national economy was generally completed in 1983. Accordingly, at the 3d Plenary Session of the 12th CPC Central Committee in 1984, a proposal was made to conduct an overall economic structural reform based on the thinking of switching from planned management of the product economy to that of a commodity economy. For the purposes of overall development of the commodity economy, the price system should be rationalized, and the law of value should play a regulating role in the development of the national economy. Moreover, the main method used for planned management should be changed from management by administrative means to that by economic measures, and from direct to indirect management.

Thus, macro-control over the national economy should be exercised, not only by the Government's Financial Department but, more importantly, through banks. Banks should serve to maintain the balance between the total social demand and supply by controlling the issuance of currency and the construction and consumption funds. They should, through implementation of the credit policy, adjust the production structure and carry out the strategic plan for developing the national economy. No doubt, this general direction was absolutely correct. Unfortunately, in the fourth quarter of 1984, before we learned and mastered how to use banks as an effective tool, extension of credit loans began to get out of control, and an excessive amount of currency was issued. The result is the increasingly conspicuous inflation of currency and the consequent price hikes.

Experience over the past 40 years has told us that if we are to stabilize commodity prices, we must check the inflation of currency, and that the price system can only be rationalized under the condition of basically stable commodity prices. For many years, since our prices have been fixed by administrative means under the old economic management system, they can neither reflect the value of commodities nor show the situation of supply versus demand. Prices are low for those kinds of energy and raw and semifinished materials in short supply. For products turned out by processing industries, the prices are high. Under such circumstances, if we use the market as a regulatory mechanism, there will be a serious imbalance among the various sectors of our national economy. For this reason, reform of the irrational price system is the key to the success of our overall economic structural reform. The basic approach to reforming the irrational price system is to lift the control over prices (excluding charges on monopolized businesses, such as electricity and railway transport charges) and let the market play its regulatory role in accordance with the law of value. To lift control over prices without triggering a general price hike, we must curb the inflation of currency. With increasingly conspicuous currency inflation, prices have climbed more and more in these years, and the state has to had to reimpose price control. This has once again distorted the price system, which is almost straightened through our years of effort. Our overall structural reform is confronted with serious difficulties. Under such circumstances, we have no choice but to once again strengthen administrative management to avoid a serious imbalance among the various sectors of our national economy.

The general direction of changing from an administrative management model to an economic management one is completely correct. After direct management, conducted through provision of financial assistance, is weakened, we do not know if we must strengthen indirect management, which is conducted through provision of credit loans by banks; and, after mandatory direct production plans are reduced, we must develop more indirect plans based on guidelines provided by the Government. These indirect plans include strategic

plans (including industry policies) for economic development, and measures to ensure the implementation of these plans. These measures include collecting taxes and providing bank loans (including currency issuance). Mandatory production plans have been greatly reduced in the last few years, but there has not been a guidance plan (that is, a strategic plan for national economic development) to ensure balanced economic development. As a result, total social demand has greatly surpassed supply, resulting in increased inflation. As early as 1956, when we summed up the experience of the First 5-Year Plan, we pointed out the need to maintain a balance between financial revenues and expenditure, between bank deposits and loans, and between material supply and demand. This is an objective law which has to be observed no matter what economic system, including the capitalist one, is at work. Inflation is bound to occur if balance in these three areas is disrupted.

All our current state plans are actually mandatory plans. None of them is a guidance plan. Some organs of the State Council drew up strategic plans for national economic development, but they only contained the principles without specific goals, let alone specific measures for fulfilling the plans. Moreover, these plans were not discussed and decided by the State Council, and therefore were not legal. All provinces, municipalities, autonomous regions, as well as cities under provincial authorities, and counties have drawn up their own development strategy plans. These plans, which have never been reviewed and coordinated by any department of the State Council, are designed to achieve rapid development and launch big construction projects, and are usually aimed at dwarfing others. With these plans at work, how can serious outstripping of total social supply by total demand be avoided? Financial assistance accompanied by mandatory plans of the central authorities has been greatly reduced. But there have been much more locally-made development plans compelling banks to provide financial support. Financial assistance, accompanied by mandatory plans, is approved in a measured way by the State Planning Commission, while bank loans extracted by localities are not subject to an overall review by any government body. This, coupled with the Central Bank's lack of authority to control currency issuance, has created anarchy which is even worse than many capitalist countries (these countries can exercise macroscopic control through adopting appropriate monetary policies and controlling bank loans). As long as this fundamental problem is not solved, inflation cannot be checked, prices cannot be stabilized, and reform of the economic system cannot be completely accomplished.

The development strategies and construction plans formulated by various localities for themselves have inevitably disrupted the state production policy and even done harm to the unified market. Moreover, they have competed for high development speed. Particularly, in order to overfulfill revenue contracts, tobacco-producing areas have vied to establish small cigarette factories,

wool-producing areas to establish small worsted mills, and cotton-growing areas small cotton textile plants, using high grade raw materials to make low-grade products. Because of the shortage of raw materials, big factories with better equipment and technology have been forced to reduce production or to plunge into big struggles for panic purchase of raw materials. As a result, the price of raw materials has risen sharply, throwing the big processing factories into a predicament. Because of rising prices, a locality has often tried to buy materials cheaper from another locality, and various localities have tried to blockade each other, thus disrupting the formation and development of a unified socialist commodity market in the country. Our present system of responsibility to meet fixed revenue quotas at various levels has aggravated the above problem. In addition, with taxes being collected locally, taxpayers pay tax to local authorities. Because of this, the state cannot use a different tax rate to carry out its special policy, thus losing the regulatory effect of taxation.

Now, the State Council is formulating specific measures to improve the economic environment and rectify economic order. These measures are very important. It is imperative to firmly implement them, and there should be no perfunctoriness in doing so. Even with these specific measures, however, if we do not resolve the above-mentioned basic problems, it will still be impossible to deepen reform in an overall way.

**Long-Term Consideration Versus Immediate Trouble—
by Jing Shuping (Chairman of the Board of Directors of
China International Economic Consultation
Corporation)**

I wish to state two opinions. First, the present currency inflation in our country is due to economic, as well as social and political, reasons. In view of this, while improving the economic environment and rectifying economic order, we should make comprehensive efforts to solve the problem of currency inflation. There are two things to do in this regard. On the one hand, because of the many reasons for the present currency inflation, we should deal with the problem not only from the economic viewpoint but also from political and other angles. For example, we should be strict with our party members and strive to rectify our party style, the style of our government work, and our standards of social conduct. On the other hand, we should have a clear understanding of the problems which will result from curtailment of the scale of capital construction, and take preventive measures before they actually arise. For example, with the curtailment of the scale of capital construction, coupled with the optimization of the use of labor, the problem of surplus labor will become apparent. We should make overall arrangements for the employment of these surplus laborers. Otherwise, there will be serious social and political problems.

Second, while scaling down the size of investment in capital construction, we should analyze the actual situation and handle each case differently, not trying to

achieve arbitrary uniformity like we used to do. As a matter of fact, the investment is getting bigger and bigger today, primarily because of the construction of nonproductive facilities, such as office buildings, auditoriums, and guesthouses; or factories which process goods already in oversupply. These are the projects which should be scrapped. On the other hand, because of a serious shortage of investment, the development in some departments is slow, hindering the nation's economic growth. As for these departments, we should increase, instead of cutting, their investment. In my view, I think we should increase investment in two areas, namely agriculture and education. I should like to call them short-term and long-term issues, respectively. First of all, how does our country's agriculture fare is an issue concerning its destiny. China is a country with 1.07 billion people. A populous country like ours simply cannot rely on importing food to meet its needs. On the one hand, we do not have enough foreign exchange for food imports; and even if we do, there will not be that much food on the international market. Our country's agricultural situation in 1984 was the best. In that year, the total grain output reached 800 billion jin, and the total cotton output reached 120 million dan [1 dan equals to 50 kilograms]. But the success was a short-term one. In recent years, our investment in agriculture has been seriously inadequate. While the agricultural investment from both central and local authorities is inadequate, the farmers also invest very little of their income in agriculture. Today, many farmers have given up farming and become businessmen. Consequently croplands have become wasteland, irrigation facilities are not functional, and the quality of seed strains is getting poorer and poorer. Because of these serious problems, the nation's agricultural production has seen no growth in recent years, and has never been able to return to the 1984 level. Such being the case, we must increase agricultural investment so that the nation will have a substantial agricultural growth. If we fail to do this, there will be no agricultural growth and the situation in 2000 will be worrisome because the population by that time will have increased and the size of arable land would have been smaller. The next issue is education. Because of the "Cultural Revolution," we have lost a generation of people. Can we still afford to lose another generation? I don't think so, but if that is the case, the outcome would be just what Comrade Xiaoping said: The Chinese people's "membership on this globe" would be revoked. Science and technology are productive forces. If our science and education remain underdeveloped, the prospects for China's economic development cannot be optimistic. Aside from the consideration of economic development, we must also realize that the 1.07 billion Chinese people should contribute to world culture and civilization. Our great ancestors contributed enormously to the development of the civilization of mankind. Columbus discovered North America because of the compass, which was invented by the Chinese. Paper is the media of today's highly-developed world culture, and paper is a Chinese invention. In order to be worthy offspring of our great ancestors and the world, we

Chinese people must make greater contributions to world culture and civilization. However, if our education is not developed, this is just a empty phrase. Thus, for the sake of our country's future, we must attach great importance to, and increase investment in, education.

**Some Views, Some Suggestions—by Tao Dayong
(Professor at the Beijing Teacher Training University)**

Not long ago, members of the NPC Financial and Economic Committee heard reports from six departments: The State Planning Commission, the Ministry of Finance, the Ministry of Agriculture, the People's Bank of China, the State Administration of Commodity Prices, and the State Statistics Bureau. The report of the State Planning Commission began with these words: "On the whole, the economic situation is good." According to the other five reports, however, the current economic situation is quite grim. How should this be understood? A sober assessment of the situation is essential for decisionmaking. This is because, if the situation is considered grim, the decision will be a sober one; and if the situation is considered good, the decision will be different. We should admit that the current situation is grim. But if we act now, we still have time to place the situation under control, otherwise it will become even grimmer.

Some people within theoretical circles should be blamed for today's inflation. After 1984, people began to write articles advocating high consumption, saying that moderate inflation was good for economic growth. Their advocacy is the cause of today's inflated construction investment and soaring consumption. China should never permit inflation, and those of us from the old society have experienced it. Even bourgeois economists and governments of Western countries denounce and reject the theory of inflation. While we should not copy what Friedman advocates, we should hear his advice that the money supply should be controlled.

Some comrades say that there are many favorable conditions for harnessing inflation, but I must say there are also many unfavorable ones. I agree with Jing Shuping's view that people today are not as easy to unite as before. In the past, whenever the party Central Committee or the State Council issued bans or prohibitions, lower departments would follow. Now, they are not so obedient, and they have ways of countering the policy of higher authorities. Therefore, in order to harness inflation, we must first strengthen macroscopic control and impose appropriate centralization. China is different from capitalist countries. They have perfected their market mechanisms over a period of several hundred years. Since we do not have a sound market or market mechanism, the market is bound to be chaotic once it has been decontrolled. Because of the separation of financial authorities in recent years, the central authorities' financial strength and power have been sapped substantially. If we do not appropriately centralize control, harnessing inflation will be just an empty phrase. This is because we

are going to scale down construction investment by 150 billion yuan, not 50 billion yuan. If we can scrap 50 billion yuan from budgetary investment, what about the several hundred billion yuan of investment which is unbudgeted? If we cannot scale down such expenditure, their growth cannot really be slowed down. Next, we should raise the interest rates of loans in order to change the situation where such rates are lower than those of deposits or commodity price rises. Then, we should clearly explain the problems to the people, so that they will work concertedly to battle difficulties.

As for the stocks and shares system advertised some time ago, my view is: I do not oppose the system per se. Private enterprises and partially or wholly foreign-funded enterprises can, by all means, adopt the system. But state enterprises should be cautious because: 1) The Constitution provides that state enterprises are publicly owned, whereas as the stocks and shares system is of mixed ownership. If state enterprises are allowed to sell stocks and shares, the Constitution should first be revised. 2) The system requires a securities market. China today does not even have a commodity market, let alone a capital one. If there is the need to raise money, we can do so by floating bonds, not by selling stocks and shares! 3) If state enterprises are allowed to issue stocks and shares, who is going to represent the state? Since reform requires the separation of government and enterprises, how can this be achieved if representatives of state, enterprise, and individual shareholders one day meet at a shareholders' meeting? 4) The stocks and shares system in a state enterprise will create friction among workers, some of whom may be shareholders. Since those who are not shareholders will think that their surplus labor has been taken away by those who are, there can be confrontation between the workers.

Finally, I must appeal to society to attach great importance to agriculture. China is a big country which cannot rely on food imports. The nation's agricultural production has not had any substantial growth for nearly 3 years. Although we expected a total grain output of 150 billion jin this year, it dropped by 20 billion jin. Without special measures, substantial investment, and functional irrigation facilities, we cannot possibly expect a total grain output of 820 billion jin. Thus, while we cut capital investment, we have to increase agricultural investment. We must also have a long-term plan for solving China's agricultural problems. While it takes 2 to 3 years to harness inflation, we need at least 5 years to solve our agricultural problems. So the earlier we start, the better it will be. Second, we must attend to the issue of foreign debts. Compared with controlling soaring foreign debts, controlling inflation is easy. But we must start thinking how to control borrowing because most of the debts have to be repaid in 1992. I think we should recall the borrowing authority of lower level departments, which is excessive. The third and biggest issue is education. Since I teach, I understand the current educational state quite well. Today, from primary schools to universities, no student sets his mind on studying, except those who want

to go abroad. In their case, they are working hard studying foreign languages. School libraries used to be crowded with students, now they are almost empty. Many primary and secondary school teachers have given up teaching and become businessmen, causing a serious drain of teachers. This is because the life of intellectuals is too hard. I propose that we should increase educational investment, while scrapping construction projects. I hear that Comrade Xiaoping has ordered a halt to construction of offices, auditoriums, and guesthouses, and urges the building of more teachers' dormitories instead. If this is true, I have to shout Long Life to Him! Only by attaching great importance to education can China be saved.

Be Sober Minded, Optimistic About Seeking Improvements

We are currently facing a grim economic situation. The inflation rate reached double digits in 1988 after it had soared relatively high for 3 consecutive years. It will be very difficult to make next year's rate of price increases noticeably lower than this year's, even if we adopt many emergency measures from this point on. However, we must understand that the general direction of reform and opening to the outside world in the past 10 years is correct, and that we have attained noticeable achievements. Our conditions for overcoming difficulties are much more favorable than those in the early 1950's and 1960's, when we also encountered inflation. Therefore, I think, we should not fear the current economic situation, although it is grim. We should be optimistic, without being blind to the situation. We should keep a sober-minded, though optimistic, attitude. The current economic difficulties are caused by many factors, of which some are economic in nature and some are not (for example, unhealthy practices, bureaucratic profiteering, etc.) The unscientific decisionmaking and nonstandard decisionmaking process are also partly responsible. However, the principal culprit is an imperfect economic structure.

It is imperative for us to take resolute and effective administrative measures in the current efforts to improve the economic environment and rectify economic order. These steps are aimed at helping reform, creating a favorable environment for it, and establishing a normal order to facilitate its implementation. Therefore, the measures taken to improve the economic environment and rectify economic order must be in conformity with the direction of reform; that is, they must be favorable for the market mechanism and contribute to the market's regulatory function. If we return to the old system and backtrack, we shall not ease the current contradictions even slightly; rather we shall sharpen the contradictions and cause even greater difficulties for future reform.

When improving the economic environment and rectifying economic order, it is naturally impossible to work out and implement many reform plans. However, we

should focus on "deepening" reform. In a word, we must sum up our experience, consolidate the achievements of reform, and improve and provide supporting measures for the ongoing reforms to make them function even better. We must expedite the implementation of reform measures that help improve economic order. For example, we should make more efforts in promoting the shareholding system on a trial basis and expedite housing reform.

Some comrades put forward the idea of "seeking advances through stability." I think we should "seek advances through reform." There is no contradiction between reform and stability. Reform is a guiding ideology and a general direction, while stability is a method and a step. While persisting in reform, we must use prudent methods and take steady steps. For example, we must reform commodity prices according to the requirements of a planned commodity economy. However, price reform must be carried out methodically. The goal of price reform can only be realized gradually. Never can it be realized in a stride.

We must reduce the speed of economic development and prevent the economy from overheating in order to check inflation. However, we must pay attention to the following three issues when reducing the economic developmental speed and scaling down economic construction:

First, we must keep an appropriate speed that will neither be too fast nor too slow.

Second, we must not resort to a sudden brake to decelerate; rather, we should brake in a stable manner. We should never suddenly reduce speed.

Third, we must not reduce speed in a rigid manner. We must regard the readjustment of production structure as important. We should never slow down the development of high-technology projects which produce good economic results and generous foreign exchange; rather, we should support them and contribute to their quick development by providing financial and credit facilities, materials, and access to foreign exchange.

Only After Clearly Understanding the Situation, Can We Take Resolute Measures—by Ding Ningning (Economic, Technological, and Social Development Research Center of the State Council)

When improving the economic environment and rectifying economic order, we should first achieve unity in thought and solve the problem of modes of thought. My views are as follows:

First, we must soberly judge the current economic situation. If we repeatedly talk about a very good situation simply to highlight the achievements of reform, and turn a blind eye to the existing problems, we shall be unable to tackle any problems and may still face the same situation we have been in since 1984. Whenever a tight policy has

been implemented since 1984, it immediately arouses people's fear of stagflation. As a result, we resort to issuing more money to maintain the speed [of economic development]. In so doing, we actually backtrack in our financial policy. If we fail to achieve unanimity, take irresolute measures, and postpone solutions, inflation will deteriorate.

Second, we must objectively analyze the causes of inflation. We should currently change the thinking of attributing all economic problems to the old system. We should not regard a probe into the real causes of various economic problems as an attempt to discredit reform. In fact, failure to successfully carry out reform and promote living standards are exactly the causes of current inflation. China's reform has been carried out in a very unfavorable situation. Psychologically, the Big Leap Forward has seriously dampened most people's enthusiasm, and the "Great Cultural Revolution" has again led to a crisis of confidence. Therefore, China's reform cannot be plain sailing. The course of economic development is long. It takes at least 10 years for an average nation to achieve anything. A large country like China cannot attain achievements within 20 years. However, we fail to understand this, are too impatient for quick results, and are excessively optimistic, resulting in an unduly large scale of capital construction and the excessive growth of consumer funds. If we cannot understand, we shall be unable to solve the problem of high speed, and the economic situation will not take a turn for the better.

Third, we must first solve the problem of decentralization of administrative power [xing zheng xing fen quan 5887 2398 1840 0433 2938] before solving the current inflation problem and tiding over difficulties. Administrative power should be properly centralized. This should not be termed a restoration of old ways, for facts have proved that a relatively centralized system is favorable for dealing with crises and special situations. The retreat is aimed at advance. If we cannot solve the current inflation problem, we simply cannot make further advances in reform and development. We must explain the difficulties to the people and seek their understanding, since they are reasonable. There is no panacea for treating the current economic problems. Tiding over the difficulties relies on the Chinese people's joint efforts and hard struggle. Only after overcoming the current difficulties, can reform continue to march forward and China have a promising future.

Two Points To Add—by Yang Peixin (Researcher of the Economic, Technological, and Social Development Research Center Under the State Council)

In Issue No 9 of QIUSHI, I discussed some basic points on how to curb inflation. Now, I would like to add some points of view.

First, effectively reducing the scale of capital construction is of particular significance in bringing total social demands under control and curbing inflation. 1) The

investment scale is indeed overextended. Particularly, the construction of some office buildings, auditoriums, and guesthouses has far exceeded the economic capability of the state. I recently visited Beidaihe, where I saw sumptuous guesthouses and a tourist resort, which can be compared favorably with that of some tourist resorts in France and Italy. Those buildings are used for only 6 months of the year and remain empty for the rest of the year, and they need one or two persons to maintain them in the cold season. In addition, the occupancy rate of the newly-completed Shuijingong Hotel in Tianjin is less than 10 percent, and its earnings are not even sufficient for its day-to-day expenses. This has caused a big waste of labor. 2) Some redundant projects have aggravated shortages of supply. When some enterprises have just gone into operation and not yet brought their potential into full play, localities start building similar projects because of decentralized economic decisionmaking powers. This has increasingly widened the gap between investment and the supply of materials. The inevitable outcome is: On the one hand, prices of raw and semifinished materials skyrocket, and even get out of control; on the other hand, 40 percent of investment funds turn into consumption funds, speeding up the increase in consumption needs. For this reason, the State Council's decision to reduce investment in capital construction by 50 billion is correct and unshakable. In reducing the scale of capital construction, however, we cannot ask all areas to do the same thing at the same time. But investments in basic industries, such as energy, communications, and transportation, not only cannot be reduced but must be increased, because they constitute a foundation for a steady, sustained, and coordinated growth of the national economy. If we fail to do things in order of importance and urgency, and reduce investments in such basic industries, it would inevitably cause a slump in industry and the economy.

Second, I want to discuss relations between improving the economic environment and rectifying economic order on the one hand, and deepening reforms in a comprehensive way on the other. Comrade Li Peng said that reform should be subordinated to the efforts to improve the economic environment and rectify economic order. This is correct because inflation would compel us to reinstitute the system of unified state purchase and sale of products. Internationally, Federal Germany and Japan also first curbed their inflation and then transformed their controlled economies into market economies. It should also be noted that rectifying economic order will fail without the systematic deepening of reforms. This is because only through reform will it be possible to separate government administration from enterprise management and to improve the enterprise managerial contract system. Now, control over big and medium-sized enterprises is still too rigid. If enterprises do not change their mechanisms, it will be impossible for them to arouse producers' initiative and creativity; and production cannot vigorously develop. It is, therefore,

necessary to deepen reforms comprehensively to invigorate enterprises. Only thus will it be possible to increase total social supply and curb inflation.

Causes of Present Inflation in Our Country and Measures To Control It—by Lu Bafu (Researcher of the Economic, Technological, and Social Development Research Center of the State Council)

With regard to improvement of the economic environment, the central authorities have pointed out that the main task is to curb total social demand and check currency inflation. This is a guiding principle which hits the nail on the head.

As to whether the present currency inflation in our country is attributable to a "single" cause or "multiple" causes, theorists have different opinions. Some comrades believe there is only one "single" cause, that is, primarily the excessive amount of currency issued. Other comrades hold that there are "multiple" causes, that is, the problem is a result of many interwoven factors. In my opinion, the inflation problem in our country is caused by a combination of factors, including augmented demand, high production costs, and structural adjustments in certain fields. For this reason, if we are to control currency inflation, we must take remedial steps according to the causes and make comprehensive efforts to do so. This is the only way to achieve good results.

The following is an analysis of the causes: 1) The cause of "augmented demand": From the macro viewpoint, this is mainly due to improper overall planning by three departments—planning, financial, and banking departments. Consequently, the rate of economic growth is too fast and incommensurate with our national strength. From the micro-economic viewpoint, since enterprise reform has not been completed, enterprises still lack a self-restraining mechanism. Since this further increases demand, even though supply improves somewhat, the economy as a whole will still be in a state characterized by imbalance between supply and demand. 2) The cause of "high production costs": "High production costs" are due mainly to the following reasons: a) Enterprises have sharply increased their wage disbursement. In recent years, the rate of increase in wage disbursement has far exceeded the rate of increase in labor productivity. b) In recent years, the prices of most farm and sideline products have been decontrolled. This has increased enterprises' disbursement and raised their production costs. c) With the implementation of the "double track" price system for marketing of the means of production, the prices of some raw and semifinished materials, which were once cut down, have risen sharply. The prices of many finished products, which were already high, have climbed up further to "catch up" with the trend of price hikes. As a result, the price level as a whole has been artificially pushed up, causing a sharp rise in enterprises' production costs. 3) The cause of "structural adjustments": The effects of "structural adjustments" include mainly the following: a) During the past few years, we

have taken the initiative in adjusting the price ratio for some products. In principle, the adjustments consist of rises and falls; in reality, the adjustments are "raising low prices, but not reducing high prices." The effect of this is a rise of 1 to 3 percent per year in the general price level. b) The change in the consumption pattern is not in line with the adjustment of the production structure. The problem of inadequate supply to meet demand has appeared not only for farm and sideline products, but also in the case of many high- and medium-grade industrial consumer goods with the result that prices have gone up, and that there is no such thing as a decline in price. c) The adjustment of the exchange rate and the reform of the foreign trade system have touched off competition in buying commodities for export. This has not only raised the cost of export commodities which earn foreign exchange, but also added to the problem of high level of domestic prices in general.

Then, what policies and measures shall we adopt to control currency inflation at present? Based on an analysis of the abovementioned causes and effects, I think that the steps to be taken should be reducing the development speed, controlling the investment scale, cutting expenditures, tightening the money in circulation, and stabilizing market order. Specifically, we can do this by taking the following 10 measures:

1. We should maintain a reasonable economic growth rate. The economic growth rate of a country is indicative of the general level of its economic development. It shows the country's overall economic strength for a particular period and cannot be decided at will. In light of the current economic situation of our country, it is fairly appropriate to maintain our economic growth rate (gross value of industrial and agricultural production) at 8 percent and industrial growth rate at 12 percent.

2. The scale of total investment in fixed assets must be brought under control. At present, the sum total of projects under construction in our country has reached 1,060 billion yuan—a staggering amount which is far beyond our national financial strength to afford. Unless it is brought under control in time, we will not be able to rein in the runaway deficit once demand increases.

3. Financial expenditures must be strictly curbed to eliminate the financial deficit. Our financial operations have been overloaded in recent years. If we want to balance financial revenue and expenditures, we must make vigorous efforts to slash running expenses, reduce the amount of investment, help enterprises avoid losing money and improve earnings, and decrease subsidies for prices.

4. Control over money supply must be appropriately tightened; and the central bank must reduce the issue of basic currency [ji chu huo bi 1015 4342 6303 1578] in the market. If we want to control the amount of currency in circulation in the market, the most fundamental measure is to strictly control the amount of the central

bank's renewed loans [zai dai kuan 0375 6313 2949] to every specialized bank, in addition to such important measures as paying close attention to the recovery of loans on credit, withdrawal of currency from circulation through savings deposits, and recall of commodities from circulation [shang pin hui long 0794 0756 0932 4705]. It is the key to controlling the amount of basic currency put in circulation.

5. Unreasonable loans for operating funds must be placed under strict control to coordinate with the campaign to rectify economic order. The system by which banks provide loans to enterprises for all their operating funds needs to be reformed. At present, we must curb unreasonable loans for operating funds to force manufacturing enterprises and their circulating links to "disgorge" goods, materials, and commodities they have excessive stocks of. By doing so we may on the one hand reduce the total scale of loans; and, on the other hand, we may bring about favorable conditions for the improvement of market supply.

6. We must tighten control over cash payments, especially large-amount payments enjoyed by some institutions and enterprises that just sit idle and do not merit such payment [zuo zhi 0976 2388]. Tightening control over cash payments is still an important link in our efforts to strengthen management of the macro-economy. In particular, cash payments in excessive amounts to enterprises and institutions that just sit idle and enjoy such benefit at will must be strictly banned. Only by plugging this loophole can we control the amount of cash flow among the operating links.

7. We must be determined to consolidate and merge some deficit-ridden enterprises and even declare them bankrupt. At present, the losses suffered by enterprises of the industrial, commercial, grains, and trade sectors have reached 40 billion yuan. Except for a few enterprises of the grains and trade sectors, whose losses are due to policy factors, the majority of losses are a result of poor management and operations and have to be offset by financial revenues. It is time to firmly resolve to break with such a system whereby "the state bears all the burdens." In particular, state subsidies for industrial and commercial enterprises should be cancelled to rid the state of this "baggage" as soon as possible through consolidation, merger, bankruptcy declaration, auction, and so forth.

8. We must work successfully to consolidate the three big links of circulation, namely, goods and materials, commerce, and foreign trade. A considerable portion of the disorder in market management and operations today is caused by an unhealthy trend in some areas in state-owned departments dealing with goods and materials, commerce, and foreign trade themselves. In our efforts to stabilize commodity prices and order in the market, we must, first of all, tackle these links of circulation of the state.

9. We must endeavor to streamline administration, handle the problem of redundant personnel, and make administrative departments uphold honesty in performing official duties. The current inefficiency in carrying out a number of state policies and measures for macro-economic control and regulation has a great deal to do with the organizational overlapping and overstaffing in state administrative departments. This calls for streamlining the administrative structure and resolutely cutting down on the number of redundant personnel, so as to improve the image of government organizations which are being criticized as "operating neither like government organizations nor enterprises."

10. We must strengthen macro-economic control to improve the overall regulatory system for economic activities. Decisionmaking on policies at different levels is an important aspect of reform. However, precisely because decisions on economic policies are made at different levels, it will be all the more necessary for the state to carry out effective overall macro-economic regulation. It is unrealistic for the State Council to directly coordinate control of all economic activities. We need a small body of competent experts, picked from among veteran, middle-aged, and young comrades with rich experience in comprehensive economic work, who submit their proposals on regulation to the leadership of the State Council for consideration. After approval, these proposals will be implemented.

**The Main Line of Reform in the New Period—by
Zheng Hongqing (Member of the State Commission for
Restructuring Economic System)**

The principle of improving the economic environment, rectifying economic order, and deepening reform in all areas laid down by the party Central Committee is mainly designed to curb inflation. To implement this principle, the causes and characteristics of inflation at present should be analyzed.

The current inflation is different from that we experienced prior to reform. Back then, decisionmaking power in economic policy was highly concentrated, and consumption funds were rigidly controlled, so inflation was mainly the result of excessive investment in capital construction projects specified in state plans. Quick results could be obtained by making swift, determined, and relentless slashes. Now the situation is different. On the one hand, the scale of capital construction projects is out of control due to the relative decentralization of decisionmaking power in economic policy, the diversification of funding sources, and the readily available investment channels. On the other hand, consumption funds have also gotten out of hand. We have given enterprises more power in the distribution of wages and bonuses before their ownership and property rights have been clearly defined, and before they could fully engage in effective competition. We encouraged people to achieve prosperity in every possible way when the market was still not fully developed, the rules of competition

were far from adequate, and taxation could not fully function as a leverage. We opted to compensate for the relatively rigid restrictions on wages and bonuses of office cadres by increasing administrative expenditures and institutional purchasing power. All these factors combined to rapidly inflate consumption. Therefore, relying solely on curtailing the scale of capital construction to check the current inflation will produce limited effect. Experience in other countries, like in Federal Germany after World War II and in Great Britain in the 1980's, shows that they successfully curbed inflation by comprehensive use of financial and banking policies while applying the revenue policy to effectively reduce the amount of people's savings and control the increase of this money.

Looking from another angle, inflation is inevitable if prices are drastically readjusted and decontrolled before there is effective market competition. A misunderstanding in the past was that once prices are decontrolled, effective competition will occur in the market. Now we see that this is an oversimplified view. Actually, to encourage effective competition in the market, the basic requirement is that enterprises be qualified participants of the market. Three minimum requirements are needed: First, enterprises must be truly capable of independent operations and produce things needed by the market, and must not set their eyes on the market while expecting assistance from the government. Second, enterprises must be truly responsible for their own losses and profits. If enterprises sustain losses due to mismanagement, they should be declared bankrupt and close down. Nobody is going to pay the debts they owe. Third, enterprises must be open entities. Labor, capital, and other production factors can flow freely in the market as enterprises expand or reduce their scale of operation. If prices are decontrolled before enterprises meet these three requirements, the result will be overall price increases, rather than effective readjustment of supply and demand. Therefore, the fundamental way to curb inflation and improve the economic environment is to deepen reform in all areas and hasten the transformation of the enterprise mechanism.

To reform the enterprise mechanism, it is not enough simply to reform managerial power. A close check-and-balance relationship should be established between owners, managers, and producers. This is the foundation of normal operation of the commodity economy, and cannot be avoided in the course of reform. My opinion is: First, resolute efforts should be made to clear small enterprises out of the state-owned economic sector by selling them off, and turning them into private enterprises, partnership enterprises, or companies with limited liability. Second, large state-owned enterprises should gradually become shareholding companies equipped with modern enterprise systems. This should be the major goal of enterprise reform.

While transforming the enterprise mechanism, we should also speed up reform of the social security system because shutdowns and bankruptcies of enterprises will

leave some people jobless. Bankruptcies and shutdowns are effective remedies for laziness and stagnation. We should get this mechanism started. However, people temporarily out of job should have certain safeguards in their basic livelihood, otherwise, social instability may result. We should establish a social security system while implementing the shareholding system and selling off small enterprises. Part of the money derived from selling off small enterprises may also be used as security funds, or some shares may be designated directly to social security institutions for the establishment of unemployment funds. This mechanism will bring vitality and stability to society.

Generally speaking, the main line of economic reform in the new period should run from the enterprise system to the employment system to the social security system, and collateral reform should be carried out in all aspects along this main line. I suggest that the Party Central Committee and the State Council assign special personnel, like those assigned to tackle pricing reform, to do solid research in collateral programs, decrees, and policies in this area.

**Suggestions for Curbing Inflation—by Wan Dianwu
(Researcher of the Economic Research Institute Under
the Commerce Ministry)**

Drastic measures are needed to curb inflation, which is seriously damaging the national economy and the reputation of reform. I offer the following suggestions from the banking and financial points of view:

First, substantially raise the bank interest rates on savings deposits. To put a firm hold on the more than 300 billion yuan of savings deposits, which have been likened to "a ferocious tiger in a cage," so that they will not wreak havoc with the market and prices, it is imperative to set bank interest rates higher than the price indices, or we could implement the "parity savings deposits" system practised in the early period of liberation. Recently, banks have offered value-guaranteed savings, which has helped to stabilize savings deposits and ease the people's mind. This service should be continued and expanded.

Second, tighten money and substantially raise interest rates on loans. Of course, in raising interest rates, we should also apply different interest rates rather than setting a unanimous rate for all loans. In accordance with actual needs, the state may formulate corresponding policies to readjust interest rates, so that enterprises which do not benefit the national economy are charged higher interest rates on loans, while enterprises badly needed by the state are given preferential treatment. This will help curb blind investment and loans, excessive scale of capital construction, and other symptoms of investment hunger.

Third, enhance the role of the People's Bank as a central bank. The People's Bank of China should undergo structural reform. It should stop acting as a "cashier" for

financial departments, and should not allow financial departments to "overdraw" from banks. Half of the newly issued currency in recent years is in the form of financial overdrafts. This is the chief cause of inflation. I suggest that the People's Bank be placed under direct supervision of the NPC Standing Committee.

Fourth, it is necessary to reduce the financial deficit. So far, domestic and foreign debts, including money overdrawn from banks, have been counted as financial revenues. Such practice of playing with numbers cannot truly reflect the deficit, and can only create an illusion of having a healthy financial situation, thus causing waste and extravagance which may create blunders.

Fifth, it is necessary to enhance the creditability of price indexes. 1) A state department in charge of statistics or commodity prices should organize a committee to openly evaluate price indexes, and invite experts, scholars, and well known personages from various circles to jointly assess price indexes. Moreover, the method of determining price indexes should be made public so that it can be creditable. 2) At the same time, nonofficial price indexes should also be compiled and published by a prestigious university or research institute. By so doing, the government will be able to enhance the creditability of price indexes, and thus win popular understanding and support to tide over difficulties.

Make Determined Efforts To Curb Inflation—by Lu Nan (Director of the Research Institute of Commodity Prices Under the State Administration of Commodity Prices)

Price rises, which have continued for several years, have aggravated since the beginning of this year, arousing universal concern and anxiety among the masses. The big increase in commodity prices is an inevitable result of inflation over the past years. An excessive issuance of currency and a total demand greatly exceeding total supply will definitely spur a drastic increase in commodity prices.

While inflation is escalating, grain output has decreased this year, thus intensifying the shortage of foodstuffs and causing big increases in commodity prices. Meanwhile, overheated industrial growth and excessive capital construction investment have imposed tremendous strains on the supply of raw and semifinished materials. Moreover, speculation by "official profiteers," big or small, have been rampant and driven up prices of production means. As all prices went up, the masses rushed to withdraw money and bought everything in sight in order to protect the value of their savings.

The 3d Plenary Session of the 13th CPC Central Committee has put forth the correct principles for improving the economic environment, rectifying economic order, and deepening reform in all fields. In order to implement these principles, the State Council has adopted a series of necessary measures which should be earnestly carried

out by all quarters. Intensified supervision by commodity price departments alone cannot effectively bring inflation under control. Under the present circumstances, it is necessary to take action to control rises of commodity prices set by the state by postponing the readjustment of commodity prices set by the state, applying such administrative means as setting price ceilings, giving prior approval to controlling price rises of certain commodities, and stepping up the inspection and supervision of prices. All these measures are aimed at creating favorable conditions for improving the economic environment and rectifying economic order in a short period of time. To keep prices of major commodities at the same level for a long time may aggravate price distortions, and impede the development of the national economy and the progress of reform. The fundamental measures to stabilize commodity prices are strengthening macro-economic control, improving the economic environment, rectifying economic order, and curbing inflation.

Li Ximing on Improving Economic Environment
OW1312090388 Beijing QIUSHI in Chinese
No 10, 16 Nov 88 pp 2, 5

[Article by Li Ximing: "Conscientiously Study Guidelines of the Third Plenary Session, Actively Implement the Principle of Improvement and Rectification"]

[Text] Setting forth the guiding principles for improving the economic environment and rectifying economic order, the 3d Plenary Session of the 13th CPC Central Committee has made the major policy decision of placing the emphasis of reform and construction in the next 2 years on improving the economic environment and rectifying economic order. This is a completely correct decision which is in line with the actual situation, and we firmly support it and will earnestly implement it while doing our work.

I.

The central authorities drew up this general policy of improving the economic environment and rectifying the economic order on the basis of a scientific analysis of China's economic and political situation. To implement this policy we must first of all have a correct idea of the situation.

To approach the situation from a Marxist viewpoint, we must fully acknowledge the economic successes achieved during the decade of reform, successes that have attracted worldwide attention. The reform has buffeted the ossified, dogmatic, and traditional small production mentality; broadened people's vision; emancipated people's minds; liberated the productive forces; greatly revitalized the nation's economic development; and expedited economic and social development in all areas. The reform has also substantially benefited the people and improved their living standards. Had it not been for reform, the decade of significant development and

progress and the gratifying situation today would not have been possible. Compared with 1978, the total value of Beijing's industrial and agricultural output in 1987 increased 1.2 times, the national income increased 1.5 times, the average per capita net income in rural areas increased 3.08 times, and the average per capita income of urban residents—after being adjusted for price rises—increased 1.03 times. These enormous successes achieved during the decade of reform fully prove that the lines followed since the 3d Plenary Session of the 11th CPC Central Committee and the course of reform are entirely correct. Carrying out reform and opening to the outside world have become the common aspirations of hundreds of millions of people throughout the country and an irreversible historical trend.

Persisting in approaching the situation from a Marxist viewpoint, we must, while acknowledging the enormous successes, also soberly realize the difficulties and problems encountered during the course of reform. Today inflation, excessive commodity price increases, unfair social distribution, and certain corrupt phenomena in party and government organs are the most conspicuous difficulties and problems that have appeared in our economic and political life. Whether or not these problems are resolved has become a major issue having a close bearing on the nation's economic and social stability and on the credibility of our party and government. While we must be fully and soberly aware of these problems, we must not write off the successes achieved in reform or the gratifying situation brought about by reform; our conviction in reform must not waver.

Certain difficulties and problems in our economic and political life today are longstanding ones that have been with us for years and have not been completely resolved during reform; certain problems are caused by a lack of macroscopic management and control during the process of the old system being replaced by the new, and some are negative phenomena, which cannot be completely avoided, because of our inexperience in developing the commodity economy. However, we have the confidence, the ability, and the methods to combat and resolve these difficulties and problems confronting us.

First, the party Central Committee and State Council have decided to take firm steps to improve the economic environment and rectify the chaos in our economic life and deepen reform in all fields. The decision has received the support of the whole party and the people throughout the country. The unity of the whole party and the people throughout the country is our greatest source of strength in battling all kinds of problems.

Second, the party Central Committee and the State Council have drawn up, and will continue to draw up, a series of measures for facilitating implementation of the principles outlined by the 3d Plenary Session of the 13th CPC Central Committee; certain measures have already yielded some preliminary results.

Third, our party is combat effective. In implementing the party's lines, principles, and policies, the overwhelming majority of grassroots party organizations are able to play their fighting-fortress role and the overwhelming majority of party members are able to bring their exemplary vanguard role into play.

Fourth, thanks to the decade of reform and construction, China has greatly expanded its capacity for withstanding economic impacts. We have accumulated a lot of experience, both positive and negative, while doing our work.

Of course, solving the current difficulties and problems in our current economic and political life is a formidable task that requires great efforts and cannot be achieved in a short time. However, we firmly believe that as long as we understand the current situation fully and correctly and make full use of the favorable factors in all sectors, and as long as all party members and people in the country work in unity with one heart and one goal in mind and firmly implement the principles and policies drawn up by the party Central Committee, we certainly can surmount the obstacles in our way and seize new victories in reform and construction.

II.

The principle of improving the economic environment and rectifying economic order set forth by the central authorities is a positive principle. To implement this principle, we must heighten our spirit, deepen reform, and combat the difficulties ahead with a positive attitude. Improving the economic environment and rectifying economic order are to facilitate reform. As a matter of fact, certain improvement and rectification measures are in themselves major reforms. We should regard the principle of improving the economic environment and rectifying economic order as a great opportunity to intensify macroscopic control, further enliven microscopic economic activities, deepen enterprise reform, improve the mechanisms within enterprises, upgrade their management, and achieve better economic performance so our work can reach a higher level in all fields. By no means should we think that improvement of the economic environment and rectification of economic order are incompatible with deepening reform and developing the economy.

Presently, management and technological development in many enterprises and institutions in Beijing are still at a low level, and so are economic performance and efficiency. The productivity of Beijing's industrial manufacturers is lower than that in Shanghai and Tianjin. The gap is even wider when compared with the industrially developed countries in terms of consumption of raw and semifinished materials and energy, and other economic indices. Thus, improving the economic environment and rectifying economic order means setting higher requirements for tapping the potential of enterprises and steadily developing their production. When we scale down capital construction, we force enterprises

to expand their production by tapping their inner resources; when we tighten credit, we force enterprises to speed up capital turnover and increase their profitability; when we hold down commodity price increases, we force enterprises to lower consumption of raw and semifinished materials and energy, lower production costs, and increase productivity; and when the state has financial problems, enterprises cannot expect the state to lower taxes, concede profits, or revise contractual quotas, but must do all they can to deliver more profits and taxes to the state. Under such circumstances, enterprises cannot possibly count on raising prices, or receiving subsidies and preferential treatment from the state, or "paternal love" [fu ai zhu yi 3637 1947 0031 5030]. Their only alternative is to rely on themselves by intensifying scientific management, speeding up technological development, tapping potential, and arousing workers' initiative through better labor grouping. Enterprises must learn how to survive and develop through speeding up capital turnover and increasing profitability and productivity with minimum capital, energy, and consumption of raw and semifinished materials. If they fail to do so they are doomed to go bankrupt, close down, or be taken over in the course of vigorous competition.

All trades and professions must use the opportunity of improving the economic environment and rectifying economic order to upgrade their technology and readjust their product mix. Meanwhile, on an even bigger scale they should deploy productive forces rationally and use their resources more effectively, optimize their production structure, and develop their production steadily and profitably. This is the fundamental way to combat our economic problems and increase effective social supply.

III.

Enforcing strict discipline is an important guarantee for implementing the party's line. As we improve the economic environment, rectify economic order, and deepen reform, it is particularly necessary to stress discipline in order to ensure implementation of the party Central Committee's principles and policies.

In strengthening discipline it is necessary to solve one outstanding question—how to properly handle relations between local interests and overall interests. Under socialist conditions the interests of the various areas, units, and groups and those of the state are identical. On specific questions, contradictions between local interests and overall interests may sometimes arise. Local interests should be taken into consideration, but it is all the more necessary to protect overall interests. However, when contradictions occur between local interests and overall interests and consideration cannot be given to both, minor principles must follow major ones and local interests must be subordinated to overall interests; otherwise, the interests of the state or the overall interests will be damaged, and it will be impossible to protect the interests of the various areas, units, and groups. With the implementation of the policies of reform and opening to

the outside world, the invigoration of the national economy, and the development of a commodity economy, interests have tended to be polycentric [duo yuan hua 1122 0337 0553] in the past few years. This has aroused the initiative of various localities, departments, enterprises, and institutions. It is an important achievement we have made in carrying out reform and opening to the outside world. However, when interests become polycentric, we definitely need the unified, overall interests. The series of principles, policies, and measures laid down by the party Central Committee and the State Council to improve the economic environment and rectify economic order represent the fundamental interests of the state and the people. In carrying out these measures, some local interests may be subjected to some damage, sacrifice, or suffering. For example, reducing the scale of capital construction, tightening credit, and controlling the growth rate may bring some difficulties to some units. For the sake of the overall interests, however, those units and departments should gladly and conscientiously make some sacrifice. Under no circumstances should one talk only about principles, take things too hard, and counter a central measure with a local one when one's own interests are at stake. Otherwise, the party Central Committee's policies can never be thoroughly implemented. We should be farsighted, take the overall situation into consideration, observe discipline, and strive for serving overall, long-term interests even at the expense of some local and minor sacrifices.

The key to strengthening discipline is to start with the party, the leading bodies, and leading cadres. On the pretext of delegating power to lower levels, some localities, departments, and units, especially some leaders who are party members, implement only those decisions and decrees of the party Central Committee and the State Council that are to their liking and fail to carry out those which are not; overtly or covertly they resist the party Central Committee's relevant regulations, which is not permitted by party discipline. Delegating power to lower levels is aimed at invigorating the economy and developing productive forces. While invigorating the economy, we must also emphasize discipline; we must not set invigorating the economy against discipline. Under no circumstances must one be allowed to go one's own way or do things in one's own way on the pretext of delegating power to lower levels and invigorating the economy so as to undermine the unified laws and decrees and the development of productive forces in the country.

To strengthen discipline it is necessary to vigorously supervise and check up on work, which should be done through the joint efforts of those at higher and lower levels and those inside and outside the party. It is essential to strengthen inner-party supervision and supervision by the masses and public opinion, to maintain the sanctity of discipline, and to strictly enforce discipline. Leading bodies and cadres at all levels should uphold party principles and wage a resolute struggle against acts breaching discipline and centralism. Efforts should be made to support the work of legal courts,

procuratorates, supervision and public security departments, industrial and commercial administration departments, and other law enforcement departments. One must not shield violators of law and discipline, or intercede on their behalf. We must deal sternly with those who have violated party discipline, government discipline, or the law; under no circumstance must we tolerate them or be overlenient to them.

IV.

To implement the principle of improvement and rectification, we must intensify and improve our ideological and political work. Effective ideological and political work is an important measure for accomplishing all political and economic assignments. Since the improvement of the economic environment and rectification of economic order directly affects the readjustment and distribution of power and benefits all departments and social strata, more vigorous ideological and political work is particularly essential.

Ideological and political work must be carried out by adhering to the party's basic lines, focusing on economic construction, and upholding the four cardinal principles, as well as upholding the general principles and policies for reform, opening to the outside world, and reinvigorating the economy. Presently we must especially emphasize the need to safeguard party leadership and adhere to the socialist course. We must go all out to publicize the central authorities' principles, policies, and measures for improving the economic environment, rectifying economic order, and deepening reform in all fields so the cadres and the masses will have ideological unity with the principles outlined by the 3d Plenary Session of the 13th CPC Central Committee.

Our ideological and political work should be work that emphasizes the training of new, socialist-minded people to become educated people who have lofty ideals and a high sense of morality and discipline. We should educate the vast number of party members and masses to properly handle the relationship between material benefits and spiritual support. Although we do not support the view that "spirit is almighty," neither do we do support the view that "money is almighty." We cannot possibly stress material benefits and ignore spiritual support, and turn people-to-people relationships into nothing but a monetary relationship. We must oppose—not advocate—the extremely egoistic money-worshipping mentality, which is not a modern concept. A noteworthy phenomenon has now appeared in some units and among some people: All they care about is money and material comfort and not spiritual values and principles. As far as these units and people are concerned, nothing can be accomplished without using money, throwing dinner parties, or giving gifts. The vast number of cadres and people are eager to see a change in this phenomenon, a phenomenon they resent. We must promote the spirit of dedication and sacrifice among all people, especially among party members, and encourage them to carry

forward the fine traditions of plain living and building the country and doing everything diligently and thriftily. We must rally the strength of the whole nation behind the great objective of achieving the Four Modernizations and rejuvenating China.

To ensure the implementation of the principle of improvement and rectification, we should, in accordance with the central authorities' instructions, thoroughly and systematically educate the masses on the current situation. We should cite convincing facts and bravely and persuasively publicize the enormous successes achieved in reform and construction since the 3d Plenary Session of the 13th CPC Central Committee, factually analyze the current problems and negative phenomena, solicit the masses' views on surmounting these difficulties and, basing ourselves on the party's principles and policies, seriously answer their questions. We should, by educating the masses on the current situation, increase their confidence for reform and encourage them to act as the masters of their own house and take active part in the great cause of reform and construction.

V.

To implement the principle of improvement and rectification, we must bring into full play the party's leading-core role, and rally all the members of the party and the people of the whole country to work in unity in surmounting difficulties and accomplishing all missions handed down by the 3d Plenary Session of the 13th CPC Central Committee.

Second, we should bring into play the fighting-fortress role of party organizations and the exemplary vanguard role of party members. Grassroots party organizations must earnestly ensure that the central authorities' principle of improvement and rectification is implemented in their units. They should educate party members on the current situation, give them assignments, set requirements for them, and educate them to uphold the Communist ideals, persist in serving the people wholeheartedly, and use their exemplary deeds to rally the masses and guide them to carry out all policy decisions made by the party.

Third, we must firmly combat corrupt phenomena. One extremely important and urgent issue in party building at the present stage is for party and government organs to preserve their honesty. This issue has a close bearing on whether the principle of improvement and rectification can be implemented, whether we can win the people's support, and whether our reform and modernization can succeed. On the whole, the majority of cadres of our party and government organs serve the people diligently and sincerely and can stand the test as members of the ruling party during the course of reform and opening up. Unfortunately, there are indeed corrupt phenomena in our party and government organs. In certain cases, the problems are quite serious. These problems can be

observed primarily in the following cases: 1) squandering public funds for holding dinner parties and giving gifts, and for the pursuit of extravagance; 2) abusing authority for personal gains, practicing graft, accepting bribes, and bending the law; and 3) extorting money and reselling merchandise for profiteering purposes. These problems, which have corroded the party, sapped the party's fighting strength, corrupted party and public conduct, and undermined public security and order, have greatly dissatisfied the vast number of party members, cadres, and masses and must be firmly dealt with by taking effective measures during the course of improving the economic environment and rectifying economic order.

To preserve honesty in party and government organs, we must educate them and their personnel to work selflessly for the public interest and abide by law, and help all party members and cadres be more conscious about being honest in performing their duties. Leading cadres and officials at all levels must set strict demands on themselves and set an example for the masses through actual deeds, beginning with specific issues and themselves. We should establish and improve all regulations and rules, establish crime-reporting centers, and publicize how things are done and what has been accomplished so the masses can see and supervise what we do. We should give full scope to the role of disciplinary inspection commissions, people's procuratorates, and supervisory departments in inspecting and supervising the performance of party, legal, and administrative organs in observing disciplinary measures.

Our party has a glorious tradition. With the masses' supervision, support, and assistance, and with the great efforts exerted by all party members, we have the confidence to gradually combat the corrupt phenomena in our party and restore honesty in our party and government organs. We must continue to strengthen our party's fighting power, do an even better job in mobilizing and rally the masses to accomplish the central authorities' mission of improvement and rectification, and continue to push forward all projects of reform and modernization.

Provincial Measures To Curb Capital Construction
HK1312085388 Beijing RENMIN RIBAO
in Chinese 4 Dec 88 pp 1, 2

["What Is Unnecessary Should Be Given Up So That What Is Necessary Can Be Achieved—RENMIN RIBAO reporters stationed in various provinces comment on the curtailment of capital construction investment"—RENMIN RIBAO headline]

[Text] On the one hand, the capital construction scale has expanded; and on the other hand, energy resources, communications, telecommunications, and raw materials have been in short supply. On the one hand, the key productive projects have progressed slowly; and on the other hand, office buildings, auditoriums, and hotels have sprung up

like bamboo shoots after a spring rain. It appears that in the matter of using capital construction investment, what is unnecessary should be given up so that what is necessary can be achieved.

Xiao Di (reporter stationed in Tianjin): From now on, Tianjin Municipality will not allow the construction of new office buildings, auditoriums, and hotels for 3 years. All units, wherever they may be, must resolutely carry out this order without exception for any reason, however sound it may be. Provisions on the productive projects have also been made: As a result of the changes in the domestic and foreign markets, if the projects for products that have changed from marketable to unmarketable are not started, they must be cancelled; if they have been started, they must be suspended and readjusted. Projects for which the raw materials needed are in short supply, for which the techniques are immature, or for which the conditions are inadequate must all be postponed. It is necessary to resolutely curtail all projects; lower the standard; or reduce investment where the original plants have not been fully utilized or the plant technological innovations can be resolved through readjustment, the building amount of the capital construction projects is excessively large, and the building standard of the projects is too high. Moreover, while curtailing the capital construction scale, we must reduce the number of capital construction workers that exceed the plan.

Apparently, this is a rational inclination under the present conditions where a large number of projects are being cut down, postponed, or reduced. The aim is not only further curtailing the scale of capital construction but also concentrating the forces to go all out to promote energy, communications, and raw materials items; projects for the necessary parts of the urban infrastructure; the technological innovations of the products in short supply; and the import of technology for the projects whose conditions for construction are backward and which concern foreign affairs or foreign nationals. What is necessary can be achieved because what is unnecessary is given up.

Pan Didu (reporter stationed in Guizhou): Compared with the coastal provinces, the local capital construction investment of Guizhou Province is, as it were, terribly small. It has been less than 500 million yuan each year over the past few years and the total amount of the capital construction investment of the whole province over the past 40 years after the founding of our country is only some 20 billion yuan, which is less than the total amount of the capital construction investment of a certain coastal province for last year.

Can we then say that because of this no problems exist in the capital construction investment scale of Guizhou? The data provided by the provincial departments concerned show that many worries still exist concerning Guizhou's capital construction investment. They are

specifically embodied in the excessive number of newly-started projects and the tendency toward commencement of the new projects for office buildings, auditoriums, and hotels. Of the projects newly started, the majority are the nonproductive projects, including residential houses, office buildings, and guesthouses, whose planned total investment is under 1 million yuan, which has been approved by departments concerned, and the proportion of the productive projects is not large. As the number of the newly-started projects has increased, the scope has overexpanded, capital and transport has run short, some key productive projects have progressed slowly, and the economic results of investment have been very poor. According to the reports made by the provincial administrative department and departments concerned, from January to July this year the total number of the capital construction projects of the whole province was 1,507, only 124 of which were completed and put into operation. Compared with the corresponding period last year, the number of projects has increased 8.7 percent while the number of projects put into operation has dropped 32.2 percent.

Due to lack of capital, some state and provincial key projects have been suspended. The solution to the problems at the next step is still not known.

The economy of Guizhou has always been backward and its economic development slow. To catch up with the economic development of the whole country and to lessen the difference, it is essential to accelerate the investment in the productive projects so as to solve the problem of the insufficient staying power of production with which we are confronted. This is understandable. If we do what we are not capable of, expand the scope too much, and act with undue haste, haste will make waste.

Liang Zhaoming (reporter stationed in Guangdong): The problems of the shortage of communications and energy resources and the weak raw material industry now exist prominently in Guangdong, but some places have made great efforts to promote the processing items, leading to a sharp increase in the prices of raw materials. Some factories and enterprises are using the method of increasing the prices of their products to "offset" the rise in raw materials prices, resulting in increased prices by rotation. The internal relations of the industries throughout Guangdong Province that were initially straightened out several years ago have not become reCOORDINATED.

In fact, Guangdong long ago established measures for such unCOORDINATION, which has emerged again. For instance, arrangements were made for capital construction investment last year according to the method of "three guarantees and three curtailments" by curtailing general projects to guarantee the key projects. At the beginning of this year, attention was drawn to the vicious cycle possibly brought about by the excessively large capital construction scale. However, the upper and lower levels have failed to reach a consensus on understanding this problem. Some places have frequently considered

the problems in light of partial and local interests and exerted great efforts to expand the scale, start new projects, and "get going and go all out." In doing so we shall, on the whole, cause an investment scale that is too large, a pattern of investment that is irrational, and an economy that is out of balance.

Li Jie (reporter stationed in Henan): Henan is a large province but its financial resources are small and its ability to withstand strains is low. Judging from its actual economic strength, the problem of office building, auditorium, and hotel projects overheating and the problem of excessively large capital construction projects also exists. Some places in Henan are accustomed to taking the road of the extensive form of enlarged production, to increasing investment, and to starting new projects. Henan is still basically "feeding finance," and the people's expenses account for the larger part of financial revenue. The capital really spent on construction is not much. Thus, the problems of an imbalance of revenue and investment and of investment beyond one's capacity have emerged. It is good to clearly know Henan's real situation through taking stock this time. We can aim at the existing problems, use our energy on the intensive form of enlarged reproduction, and tap internal potential to seek economic results.

The curtailment of capital construction investment is called for year after year, but then investment is expanded every year. Why? Here there is the aspect of the structure as well as the aspect of understanding; we must find the reason in the pattern of investment and the way out in the restrictive mechanism.

Jia Jianzhou and Song Xuechun (reporters stationed in Shandong): The expansion of the fixed assets investment scale has already become one of the important reasons for Shandong's economic tension. Since 1980 Shandong Province has, in fact, unremittingly taken measures for straightening out and curtailment. However, the more we carry out straightening out and curtailment, the more the investment scale is expanded.

Why has this situation emerged? Certainly, reasons include the upper levels being soft and failing to grasp the work firmly, and selfish departmentalism doing mischief at the lower levels. However, people concerned hold that there are two more reasons that merit attention: The first one is the aspect of the financial structure. Our country has implemented the contract system financially. After completion of the contract amount, what is left belongs to the localities. In this way, those who leave more will increase their income.

If the localities build several more factories and set up several more enterprises, they can get more product tax and solve the employment problem. Why not go ahead with it? The second one is the aspect of the political structure. Judging historically, those who dare not boldly build several more factories, enterprises, office buildings, auditoriums, and hotels will appear to be "right,"

will make only average achievements in their official career, and will have capital to serve as officials and vie for the leadership position. What is there against this?

Liang Zhaoming: In addition to the reason in the aspect of the structure, there is also a deviation in understanding, which is also a reason for the inability to curtail capital construction investment. For example, in Guangdong some people have unduly taken the construction of office buildings, auditoriums, and hotels for the improvement of the investment environment, resulting in a psychological inclination for catching up and comparing with each other and competing with each other for luxury and extravagance, without seeing that the number of office buildings, auditoriums, and hotels throughout the province has exceeded the practical demand. Guangzhou City alone has had nearly 700 guesthouses, hotels, and hostels with approximately 40,000 guest rooms and 100,000 beds, which has approximated to the level in Hong Kong in 1984. This is an important factor for the swollen consumption funds.

Gong Dafa (reporter stationed in Hubei): The irrational pattern of investment is also an important reason. Since the beginning of this year, Hubei Province has started too many new projects, which amounted to 1,410 between January and August, resulting in rapid expansion of the investment scale and at the same time leading to the investments being broken up and decentralized for many small-scale projects. First, of the newly-started projects this year, only 6 have each been invested with over 10 million yuan, only 58 have each been invested with some 1 million yuan, and the others have each, on average, been invested with less than 500,000 yuan. Second, of the newly-started projects, too many are repetitious projects and general processing industries, especially small cotton textile mills, small tobacco plants, small wineries, and small plastic products processing plants. The small cotton textile mills under construction throughout the province last year amounted to 126 and a number of them were resolutely cut down at the end of the year, but 68 were built in the first half of this year. By the end of 1987, the whole province had built up its cotton spinning capacity for 2.3 million spindles of cotton yarn, but due to a shortage of raw materials, the capacity for about 150,000 spindles of yarn lay idle, which meant that the investment of 225 million yuan produced no economic results. Some people have estimated that the spinning capacity will have increased to 3 million spindles of yarn by the end of this year. The comrades of the provincial planning commission said worriedly that this meant that the day of the completion of many factories would be the time of suspension of production or they would "wrest food" from the mouths of the old factories and all would live without sufficient food. This will be an extremely big waste of productive forces. However, we have so far been unable to find out an effective method of control. It is very difficult to get the desired result by relying only on the administrative measures to cut down or curtail the projects, and it cannot last long. Some people said helplessly: "A small cotton textile mill is just like a spring. When the pressure is great, it may

temporarily shrink a little; but as soon as you let go, it will bounce even higher." The basic reason is that running factories is advantageous to local revenue.

Li Jie: "It is necessary to curtail the overheating capital construction through reform and the establishment of a restrictive mechanism." A comrade who had engaged in practical work for many years said this to the reporters. This is the fifth curtailment of capital construction since 1978. The result was that although we talked about compressing it every year, we failed to keep it down and it kept expanding year after year.

He held that the cause lies in the management structure:

1) The party committee and government wanted to manage and monopolize everything, and therefore their desire for expanding investment was very strong. Some of our policies also encouraged overheating investment to some extent. Where there were many projects that developed quickly, the achievements in official careers were prominent and were praised by the upper-level organs. txt

In this way, the localities were encouraged to impractically compete for investment and development to show off the achievements in their official careers. 2) Whether the investment was large or small and whether the economic results of the investment were good or bad had no bearing on the direct interests of the governments at all levels and there were only the demands for expanding investment but no restrictive mechanism. A contradictory state of mind thus tended to appear: Some leaders paid lip service to cutting back, but in their minds they wanted to see if the others cut back or not. Preferably, the other people, not they themselves, cut back. In action, they wanted to wait and see.

All places have measures to curtail capital construction investment. However, whether these measures prove effective is mostly determined in implementation. Lessons can be drawn from such methods as the implementation of the responsibility system, the stepping up of supervision in many aspects, and the strict implementation of the system and procedures of the examination and approval of capital construction.

Jia Jianzhou and Song Xuechun: The Shandong Provincial Government has this time regarded the curtailment of investment scale as a formidable task and resolutely resisted the unhealthy trend of intercession. All projects, whatever they may be, must use the standard form stipulated by the province to register with the provincial project straightening out leadership groups at a specified time. All prefectures and cities are to report the working situation to the leadership group office once every 10 days. From now to the end of this year, all levels shall no longer approve new projects. Except for the large and medium-sized projects the State Council has approved

and for the above-norm technological transformation projects the State Planning Commission is to start, the other projects, large or small, shall no longer be started this year.

Xiao Di: Tianjin has controlled the fixed assets investments relatively strictly.

It has first guaranteed the key projects but reduced the general ones. On the foundation of gradual reduction year by year, this year Tianjin has arranged for local fixed asset investment of 3.5 billion yuan, a reduction of 10 percent over the local fixed asset investment of 3.8 billion yuan last year. Of these, about 75 percent are productive projects, the majority are energy, communications, posts, telecommunications, and industrial transformation projects, and the proportion of the nonproductive projects has dropped greatly. Regarding the office buildings, auditoriums, and hotels, the city construction commission has implemented the "four-nos" policy—namely, no plan, no program, no design, and no new projects. No new projects will be indiscriminately started.

As to the productive projects included in the plans and the projects urgently needed for people's daily life, it is essential to carry out construction according to the original design. Enhancement of the standard and the increase in contents is not allowed. Some projects are to be completed quickly. Furthermore, it is necessary to increase the rate of completion and achieve the greatest economic results of investment.

Regarding the knotty "project proposed by a head," Tianjin implements the principle that everybody is on the basis of equality in the face of the capital construction procedures. That is to say, no matter who suggests that they be started, all projects must be done in the early-stage preparatory work according to the procedures. As to the projects put forward by a head, the details of these projects must be weighed likewise, several designs and plans must be proposed to state the advantages and disadvantages, and the income and expenditure must be calculated so the policy decisions in the aspects of capital, economic results, and techniques can be scientifically formulated. In July and August this year, the municipal authorities proposed that to mark the festive occasion of the 40th anniversary next year, several large projects, such as the Tianjin Liberation 40th Anniversary Memorial Hall, be started. Subsequently, the design department flatly cancelled these projects due to financial difficulties.

A marked characteristic of Tianjin urban development following the three points above is: The key projects are mostly completed as scheduled or ahead of schedule, whereas the quiet or covert starting of construction can basically be controlled.

Luo Maocheng (reporter based in Sichuan): With a view to controlling the investment scale and adjusting the pattern of investment, Sichuan Province has clearly and definitely provided for the approval of investment in five aspects—namely, energy resources, communications, agriculture, education, and basic raw materials, can be relaxed and even if it slightly exceeds the quota, the provincial authorities will also approve; whereas the ratio of the nonproductive projects, particularly the office buildings, auditoriums, and hotels, must be reduced every year and no places are allowed to exceed the quota. Whoever exceeds it, his responsibility will be investigated and affixed. At the same time, it is necessary to accelerate supervision and be bold in criticizing anything wrong, if discovered. It is good to investigate and affix responsibility to those who exceed it, but this work must be strictly carried out. Criticism alone is insufficient and it is imperative to investigate and affix economic responsibility.

Liang Zhaoming: Guangdong has adopted five measures to curtail the capital construction investment: 1) The government issues the bonds for construction of the parts of the infrastructure on a large scale to raise funds for communications, energy resources, telecommunications work, and development of the raw materials and basic industry. 2) The focal point of the bank loans is placed on the infrastructure, including communications, energy resources, and telecommunications, and a prime lending rate is given. Regarding trades whose development should not be encouraged, the lending rate is raised to control loans thereto. 3) Overseas Chinese and Hong Kong and Macao compatriots are directed to place the focal point of their investment on the infrastructure. In addition, the province strives for international long-term, low-interest loans. 4) The policy on the use of foreign exchange is adjusted so that it is beneficial to the development of foreign trade and can restrict the import of high-grade consumer goods and encourage all places to concentrate the limited foreign exchange on the infrastructure. 5) Stock certificates are issued to make collective enterprises and individual households become shareholders; at the same time, when land is to be requisitioned to develop communications and other projects, land is allowed to be evaluated in terms of money used to buy shares instead of compensation in cash so as to reduce the amount of money put into circulation.

If we really carry out the five measures, we can guarantee the points, greatly curtail the general projects, and head for the benign circle.

Economic Zones Attract Foreign Investment
OW1512101288 Beijing XINHUA in English
0155 GMT 14 Dec 88

[Text] Beijing, December 14 (XINHUA)—China's 12 economic and technical development zones, all in coastal areas, have so far concluded over 500 contracts on foreign investment totalling 600 million U.S. dollars.

According to Zhao Yundong, deputy director of the Special Economic Zones Office under the State Council, these zones are expected to generate industrial output of 2.5 billion yuan and export 250 million U.S. dollars worth of goods this year, both double last year's figures.

These zones in 12 open coastal cities have been built on 10 square kilometers of sea beaches and waste land. They serve as a "window" for the open coastal cities to introduce foreign investment and technology.

At present, more than 200 foreign-funded industrial enterprises have gone into production or trial production in these zones. The zones have a total of 570 enterprises.

Foreign Trade Deficit for November \$1.58 Billion

HK1512052388 Beijing CHINA DAILY
in English 15 Dec 88 p 2

[By staff reporter Yuan Zhou]

[Text] The Chinese foreign trade deficit hit \$1.58 billion last month, the highest this year.

The General Administration of the Customs said China exported \$4 billion worth of goods, up 5.07 percent over November 1987, and imported \$5.58 billion, an increase of 36.7 percent.

Between January and November, China exported \$41.15 billion worth of goods and imported \$46.5 billion, a deficit of \$5.3 billion. The total figure of imports and exports was 24.2 percent more than for the first 11 months last year.

Last month, 38 major commodities worth \$10 million were exported.

There was a more than 20 percent increase in the export of pigs, aquatic products, foods, tea, furs, medicine, steel, machine tools, TV sets, bikes, garments, and other light industrial products.

Exports of oil, cotton cloth, silk and other traditional Chinese goods dropped.

In imports, the Chinese purchases of sugar, synthetic fibres, refined oil, copper, aluminium, zinc, TV sets and tubes and air-conditioners last month more than doubled over November 1987.

There was also a big increase in the imports of grains, natural rubber, pulp, wool, medicine, fertilizers, paper, steel, machine tools and other goods.

A drop in imports was reported last month in cigarettes, computers, cars and car frames.

Imports of cigarettes for the first 11 months this year exceeded the same period last year by 35.09 percent and imports for computers was up 17.52 percent. The country imported 59,205 video recorders in the first 11 months of this year and 24,186 motorbikes—a 404.52 percent and 13.07 percent increase compared with the same period last year.

The government wants to control the import of such foreign luxury goods as cigarettes, wines and cars in order to put foreign currency to better use.

Foreign currency mainly will be used to import raw materials and key technological equipment to assist in the national economic development.

According to the People's Bank of China, the country's foreign exchange reserve stood at \$18.013 billion at the end of September.

Measures To Halt Drop in Grain Output Urged

OW1412204288 Beijing XINHUA in English
0848 GMT 14 Dec 88

[Text] Beijing, December 14 (XINHUA)—China should draft laws and regulations to guarantee agricultural investment and promote science and technology in the countryside as a way to stop the decline of grain production, according to a proposal in today's PEOPLE'S DAILY.

The leading national newspaper quoted Wang Lianzheng, president of the Chinese Academy of Agricultural Sciences, as saying that China has reported grain output fluctuations since 1985, following a record harvest of 407 million tons in 1984.

He said if the country is to raise its grain output to 500 billion kg by the turn of the century it must invest more in agriculture.

But, he said, in recent years governments at all levels and farmers themselves have all reduced their input into agricultural production. For instance, he said, the state investment in agriculture accounted for 8.3 percent of the nation's total expenditure in 1985, down from 13.6 percent in 1978.

Therefore, he suggested laws and regul idle in winter in south China can be utilized to grow grain, vegetable or manure crops, 15 billion kg more grain will be produced every year.

East Region

Fujian Governor on Farmland Capital Construction
OW1512100888 Fuzhou FUJIAN RIBAO in Chinese
26 Nov 88 p 1

[Dispatch by reporter Yu Yanghua]

[Text] Speaking at a provincial meeting held yesterday afternoon on implementing the guidelines of the National Rural Work Conference, Governor Wang Zhaoguo urged that the funds for farmland capital construction during the winter of this year and the spring of next year, in the amount of 15 million yuan, be made available this week, so that the funds could be allotted to the units concerned as early as possible. He also proposed that grain production bases be built through the joint efforts of coast grain-shortage counties and the main grain-producing areas.

Wang Zhaoguo said: To achieve a bumper harvest next year, we should pay attention to the "five winter farm tasks" [wu dong 0063 0392]. The key to the success of the "five winter farm tasks" is to do well in farmland capital construction. Recently, the provincial government decided that 15 million yuan be used for farmland capital construction during the winter of this year and the spring of next year. This money should be made available within a week, because the season for farmland capital construction will not wait for us. If we delay our work on the land for a short time, there will be a delay for as long as a year for the land to give us a good harvest. In the meantime, I hope all prefectures and counties will also make funds available from their own resources to be used for farmland capital construction, to lay a good foundation for achieving a bumper harvest next year.

As for solving the problem of grain shortage in our province, Wang Zhaoguo said: Fujian is short of grain. If we acquire our grain supply from other provinces or purchase grain from abroad, there will be some difficulties with respect to funds and transportation. We should rely on our own efforts to produce more grain in our province. We have a proposal to let our coastal grain-shortage counties cooperate with our main grain-producing areas, such as Jianyang and Sanming, in building grain production bases. Investment will be linked with output. In other words, the grain-producing areas will provide grain to the coastal counties in accordance with the amount of investment received from the latter. The quantity of grain and the corresponding amount of investment should be determined by consultation. This arrangement will provide a source of grain for the coastal counties and, at the same time, boost investment in the main grain-producing areas. It is to the advantage of both sides.

Han Peixin at Jiangsu Retired Cadres Meeting
OW1512103488 Nanjing Jiangsu Provincial Service
in Mandarin 1015 GMT 8 Dec 88

[Text] There are more than 90,000 retired or demobilized cadres in our province now. A large number of them, however, are far from being in a state of retirement. Some make contributions to reform and the open policy by conducting research. Some set up associations caring for the next generation, teaching teenagers about the revolutionary tradition. Others lend their special skills to consultation or other voluntary services.

The provincial organization department and provincial veteran cadres bureau called a meeting in Nanjing on 7-8 December to exchange experiences in giving full play to the role of retired and demobilized cadres. At the meeting, some 12 retired or demobilized cadres reported on their experiences in, and personal feelings about, continuing to make contributions to the building of a society which is advanced spiritually as well as materially.

In his speech to the meeting, Han Peixin, secretary of the provincial party committee, praised the purpose of the meeting and held that it has set some good examples to veteran cadres of what to do after retirement or demobilization. He said: At the same time, the meeting amounts to a lively course in revolutionary tradition to middle-aged and young comrades. On how to further veteran cadres' usefulness, Han Peixin made a few suggestions: Veteran comrades should be geared to the needs of society and the masses, taking part in social activities within the limits of their actual situation and abilities, and matching their work with their personal aspirations and interests.

Han Peixin also asked various localities to continue to take care of retired and demobilized cadres' political life and well-being and make further progress in veteran cadre work. He said: The provincial party committee and government at all levels in Jiangsu have done a great deal of work in the past to ensure old comrades' political life and well-being are taken care of. Currently, however, old comrades are facing economic difficulties, due to price hikes. Localities should take the initiative to help old comrades solve problems and create an environment where they can live in happiness in their remaining years.

Shandong Discipline Inspection Commission Meets
SK1512115088 Jinan Shandong Provincial Service
in Mandarin: 2300 GMT 14 Dec 88

[Text] The eighth plenary session of the Discipline Inspection Commission under the Shandong Provincial CPC Committee opened in Jinan on 12 December 1988. A total of 26 members of the Provincial Discipline Inspection Commission attended the session. Li Farong,

member of the Central Discipline Inspection Commission and secretary of the provincial Discipline Inspection Commission, presided over this session, and explained how the working report of the provincial Discipline Inspection Commission was drawn up. Participants in this plenary session discussed and endorsed the working report to be submitted by the provincial Discipline Inspection Commission to the Fifth Shandong Provincial CPC Congress, and agreed to submit this report to the congress for examination and discussion.

Shandong Advisory Commission Convenes 13 Dec
SK1512043988 Jinan Shandong Provincial Service in Mandarin 2300 GMT 14 Dec 88

[Text] The tenth plenary session of the Advisory Commission under the Shandong CPC Committee opened in Jinan on 13 December. A total of 29 members attended this session.

Su Yiran, chairman of the provincial Advisory Commission, and Wang Jinshan, vice chairman of the provincial Advisory Commission, presided over this session.

Participants in the session discussed and adopted the work report of the provincial Advisory Commission which will be submitted to the Fifth Shandong Provincial CPC Congress and agreed to submit the report to the fifth provincial party congress for examination and discussion.

Shanghai Leaders Attend Cultural Performance
OW1412211488 Shanghai City Service in Mandarin 2300 GMT 9 Dec 88

[By reporter Wang Manhua]

[Excerpt] The curtain fell on the evening of 9 December for the fine plays staged by the Beijing People's Art Theatrical Company after more than 2 weeks of performance. Some 500 lucky spectators watched the last performance together with municipal party and government leaders including Jiang Zemin, Zhu Rongji, Yang Di, Huang Ju, Wu Bangguo, [name indistinct], Ye Gongqi, Xie Lijuan, (Ye Qixiong), and (Zhang Yexin). [passage omitted]

Central-South Region

Shenzhen Export Oriented Economy Develops
HK1512083788 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 14 Dec 88

[Text] After 8 years of hard work an export-oriented economic pattern has initially taken shape in the Shenzhen Special Economic Zone [SEZ]. It is estimated that this year's gross export value in the zone will exceed 2 billion yuan. Export value of manufactured goods accounts for more than 50 percent of the total export value.

During those 8 years Shenzhen, employing all its favorable conditions, has signed 6,000 contracts with foreign businessmen from 21 countries and regions, involving more than \$2 billion in foreign investment. The three kinds of partially or wholly foreign-owned enterprises have increased to more than 1,400 in the Shenzhen SEZ and have now become a mighty pillar of the economy. The ever-improving investment climate has attracted more and more foreign investors to Shenzhen. Over the past 8 years Shenzhen has made a total investment of 10.3 billion yuan in capital construction and eight industrial districts and a scientific and technological center have been built. The infrastructure, which involves transport, telecommunications, water and power supplies, is improving daily.

Meanwhile, Shenzhen has also adopted effective measures to promote its production structure into becoming export-oriented. At present, at least 600 of its 1,000 and more products have taken their place on the international market and per capita export value comes to \$1,200, occupying first place in the country.

Guangdong To Cut Fixed Assets Projects
HK1412132088 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 13 Dec 88

[Text] The Standing Committee of the Guangdong Provincial People's Congress held an enlarged meeting of committee chairmen on 8 and 10 December to hear a briefing by the provincial government on the operation of sorting out fixed assets investment projects and rectifying companies, and to discuss the issues concerned.

The participants at the meeting pointed out that the province had achieved a certain degree of success in sorting out and cutting fixed assets investment projects and straightening out companies in the previous period. However, since the scale of investments made in this province has been much larger than expected and the problems involving various companies in Guangdong are much more serious, governments at all levels are required to resolutely cut projects and earnestly straighten out companies, to ensure real success in the sorting out and rectification operation.

At present, the operation to sort out fixed assets investment projects has entered a crucial stage. It is necessary to resolutely implement the stipulations laid down by the State Council, carefully sort out projects, put them into appropriate categories, and carry out follow-up work for suspended projects properly, to minimize losses arising from them.

Participants speaking during the meeting also noted that the composition of investments in fixed assets made in this province is very imbalanced as the proportion of processed industries is too large; investment in agriculture is too small; there are quite a few duplicated projects; and there is a very serious shortage of raw and

processed materials. Therefore, while resolutely reducing the scale of investments in fixed assets, the province must also make efforts to readjust the composition of investments, ensure the completion of key projects in agriculture, the energy industry, and communications, and thus maintain a normal and steady economic growth while cooling down the overheated economy.

Guangdong Adopts Measures on Grain Production
HK1512031988 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 14 Dec 88

[Text] At the fifth session of the seventh provincial People's Congress this morning, members listened to a briefing on agricultural production given by the provincial people's government.

The briefing stressed: To solve problems related to agricultural production, especially grain production, it is necessary to overcome the idea that as long as there is money there will be grain, and to change the situation where industrial production is stressed and less attention paid to agricultural production.

The briefing also pointed out: Since the 3d Plenary Session of the 11th CPC Central Committee, the agricultural situation in our province on the whole has been good but at present the growth rate of grain consumption in our province is much faster than the growth rate. For this reason, we must truly increase investment in agriculture and strengthen the foundation for the sustained growth of agriculture. Meanwhile, we must set the greatest determination on reaping a good harvest next year. At the same time, it is necessary to give more leadership to rural work.

The provincial party and government have decided to transfer 2,000 cadres from the provincial authorities, cities and counties this winter and next spring to grass-roots units to help local cadres.

Thirty Fires in Guangzhou in 'Last Few Days'
HK1512030188 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1518 GMT 12 Dec 88

[Report: "Over 30 Fires Have Broken Out in Guangzhou in the Last Few Days"—ZHONGGUO TONGXUN SHE headline]

[Text] Guangzhou 12 Dec (ZHONGGUO TONGXUN SHE)—Fire engines have been frequently seen racing along with their sirens wailing in Guangzhou in the last few days. From mid-November until now, over 30 fires, 2 serious ones, have broken out in the city, leaving 3 dead and 1 injured, and financial losses to the tune of 550 thousand yuan.

On 10 December, Luo Chong Furniture Factory under Cuotouchong Shenghuo Fuwu Company at Baiyun district in Guangzhou was on fire, flames raging and smoke

billowing. Batches of foam rubber and planks, and a brick-and-wooden factory building were reduced to ashes. Another fire broke out on Renji Road the same evening.

The officers of the public security and fire departments said the main reason for the fires is carelessness in using fire and electricity. Being windy and dry, Guangzhou is now in the period when fires are frequent. It is estimated there will be more fires in the near future.

Guangxi's Chen Huiguang, Wei Chunshu on Reform
HK1512085188 Beijing RENMIN RIBAO in Chinese 8 Dec 88 p 4

[Article by Chen Huiguang, secretary of Guangxi Zhuang Nationality Autonomous Region CPC Committee, and Wei Chunshu, President of the Zhuang Nationality Autonomous Region People's Government: "Persist in Reform and Opening up, Speed Up the Revitalization of Guangxi"]

[Text] The Guangxi Zhuang Nationality Autonomous Region has been established for 30 years since 1958.

During the past 30 years, under the correct leadership of the party central body and the State Council and with the implementation of the party's policy for autonomy in nationality areas, historic changes have occurred in Guangxi. As compared to 1957, the year before the founding of the autonomous region, the total industrial and agricultural output value in Guangxi in 1987 has increased by 685 percent. Economic strength and social productive forces in this region have been greatly boosted. Along with economic development, rapid development has also occurred in education, science and technology, culture, public health, and sports. The material and cultural lives of the people of various nationalities in Guangxi have obviously been improved. A new situation has appeared in the building of socialist spiritual civilization, the stable and united political situation throughout the region has been further consolidated, and socialist nationality relations have been further strengthened.

Guangxi is situated in the motherland's southern border area. The autonomous region faces Beibu Bay to the south and of China's five autonomous regions it is the only coastal one. The region covers 236,000 square kilometers and is peopled by 11 minority nationalities, namely: Zhuang, Yao, Miao, Tong, Molao, Maonan, Jing, Shui, Yi, Qilao, and Hui, together with the Han nationality. The total population of Guangxi is 40.16 million, and the Zhuang people account for more than 13.60 million, or 33.8 percent, of the region's total population. Some 93 percent of all Zhuang people in the country live in Guangxi. The whole region abounds with surface and underground resources and has great natural advantages and development potential. Guangxi is called a "treasury of nonferrous metals," and there are

82 types of proven mineral deposits. Hydroelectric reserves in Guangxi total 17.52 million kw and 97 percent of these resources can be developed and utilized. Guangxi is subtropical with a warm climate, abundant rainfall, and a long frost-free period, thus it has favorable conditions for developing subtropical agriculture. Guilin is one of China's major tourist cities open to the outside world and the whole region has advantageous tourist resources. Guangxi is also close to Hong Kong, Macao, and Southeast Asia. In Guangxi, Beihai City and Fangcheng Harbor have been listed by the state authorities among the open coastal cities and areas. In addition, Wuzhou City is also a time-honored center of foreign trade and a coastal economic open zone has been established in southeast Guangxi. Guangxi thus has favorable geographical conditions for developing an export-oriented economy.

The road of reform and opening up must be taken by the people of all nationalities to seek common prosperity and progress. As the only coastal autonomous region in China we must make full use of the autonomous rights specified by the Constitution and the Nationality Autonomy Law and the preferential policies laid down by the central authorities for the coastal economic open areas to promote reform and opening up. We must develop economic construction throughout the region to realize the good situation of sustained and steady development in Guangxi's economic construction. In the future, so long as we further implement the general policy of reform and opening up and arouse the people of all nationalities to work hard in unison, we will certainly be able to realize the grand objective of developing and regenerating Guangxi.

To further promote reform and opening up we should proceed from reality and adopt more effective policies and measures for opening up so as to speed up economic and cultural construction and greatly develop social productive forces. According to this guiding principle we should further emancipate our minds, renew our ideas, continue to eliminate the influence of "leftism," adhere to the productive forces criterion, and boldly reform the old conventions and systems which are no longer suited to the development of productive forces in minority nationality areas and are not favorable for their prosperity. We should break the closed conditions of the natural or seminatural economy and go all out to develop the socialist commodity economy. We shall do our best to implement the coastal economic development strategy by orienting Guangxi's economy to the international markets and the markets in the eastern coastal developed areas and taking the vast hinterland markets as the base. We shall rely on scientific and technological and management progress to speed up development of the whole region's commodity economy, especially the export-oriented economy. We shall boldly open up to the other parts of the country and to the outside world, actively make use of funds, advanced technology, management expertise, and talent from foreign countries and from other parts of our country, to optimize the production

structure and to increase the economic development capability. The whole region will resolutely implement the spirit of the 3d Plenary Session of the 13th CPC Central Committee and concentrate on improving the economic environment and rectifying the economic order, to create a favorable socioeconomic environment for guaranteeing the smooth advance of the reforms and the steady development of the economy.

In order to persist in carrying out the reform and opening up policy and to speed up Guangxi's economic development we must also seriously implement the "Law on Autonomy in Nationality Areas." In Guangxi, the Zhuang nationality has the autonomous right but other nationalities also enjoy autonomous rights. In the coastal economic open zone in southeast Guangxi, and in such major cities as Nanning, Liuzhou, and Guilin where Han people account for a large percentage of the population, the autonomous right should also be brought into full play. The preferential policies in reform and opening up, and the economic strength and technological advantages in these areas, should be better utilized to substantially develop the export-oriented economy and to promote development of the commodity economy throughout the autonomous region. In northwest Guangxi, which is inhabited mainly by minority nationalities, although the economic and cultural conditions are comparatively backward, the rights specified by the nationality autonomy law should also be fully used to: Further deepen the reform; expand the scale of opening up; actively bring in funds, technology, and talent; effectively make economic development; turn the rich resource advantages into product and commodity advantages; and gradually narrow the gap between these and the advanced areas. We should constantly and widely publicize the party's nationality theory and policy, strengthen education in unification of the motherland and in nationality equality and unity, and further consolidate and develop the socialist new relationship between all nationalities based on equality, unity, and mutual assistance.

Minority nationality cadres form the bridge between the party, government, and the minority nationalities. With a large number of capable and educated minority nationality cadres who have political integrity, love the motherland, and maintain close ties with the masses, we will be able to better carry out the reform and opening up policy and quicken the pace of developing Guangxi. They will, together with Han nationality cadres, make great contributions to construction throughout the region. Henceforth, we will continue to make great efforts to train minority nationality cadres at various levels, bring their role into better play, improve the quality of all nationalities, consolidate their unity, and jointly endeavor to build Guangxi successfully.

The 13th party congress held high two great banners of building socialism with Chinese characteristics and advocating patriotism to realize the motherland's reunification and regeneration. We people of all nationalities in Guangxi should be united more closely under the

guidance of these two great banners and work hard in building a rich, democratic, and civilized Zhuang Nationality Autonomous Region with all nationalities sharing common prosperity.

Guangxi's Chen Huiguang Meets With Bose Cadres
HK1512002388 Nanning Guangxi Regional Service
in Mandarin 1100 GMT 14 Dec 88

[Text] Accompanied by Chen Huiguang, secretary of the regional party committee; and (Zhong Jiasuo), member of the regional party committee Standing Committee; Song Renqiong, head of the central delegation and vice chairman of the Central Advisory Commission; and Li Ding, member of the central delegation and deputy head of the CPC Central Committee United Front Work Department; yesterday left Nanning for Bose, an old revolutionary base area, to call on cadres and the masses of all nationalities.

At noon, yesterday Song Renqiong and his party listened to a briefing given by leaders of Pingguo County and Bose Prefecture. Comrade Song Renqiong pointed out: In developing the economy in mountainous areas, attention must be paid to devoting major efforts to afforestation because this benefits water conservancy works. Song Renqiong also stressed the importance of plain living and hard struggle. He noted that plain living and hard struggle must be encouraged in the economically underdeveloped areas, but the spirit of plain living and hard struggle must also be carried on even when these areas are well developed.

In the afternoon, Song Renqiong and his party visited two households at (Genzhan) Village of (Guohua) Town in Pingguo County. One household specializes in farm production and fish breeding. This year the per capita income of the household exceeded 1,000 yuan and it has become the richest household in the village. The other household is a needy village family. Comrade Song Renqiong attentively examined the basic necessities of life of the family and hoped governments of the village, town and county would pay serious attention to the work of caring for the needy and help the old revolutionary base develop its economy. Comrade Song Renqiong and his party also visited a school at the village and talked to teachers and students there.

Guangxi Opens to Domestic, Foreign Investors
HK1412023188 Beijing RENMIN RIBAO in Chinese
8 Dec 88 p 4

[Dispatch by reporter Zheng Shengfeng (6774 4141 0023): "Guangxi Initially Opens Its Doors to Domestic and Foreign Trade"]

[Text] The decade of reform and opening to the outside world has brought about a new thinking and insight to Guangxi. Hence, a new pattern of openness to the outside world and openness inside has begun to take

shape and along with it, the autonomous region has appeared on the arena of contacts with the rest of the country and of the world with a new demeanor.

The first level of Guangxi's multilevel pattern of opening to domestic businesses and foreign investors is setting up an economic development belt in southeast Guangxi composed of Yulin, Wuzhou, and Qianzhou, with Beihai City and the Fangcheng port area as the window. This belt would aim to energetically develop foreign trade and an export-oriented economy characterized by "processing with supplied materials or samples, assembling with supplied parts, and compensation trade" by taking advantage of the region's geological position of bordering on Guangdong Province and its proximity to Hong Kong and Macao. The second level is establishing a fan-shaped economic development zone in central Guangxi with Nanning, Liuzhou, and Guilin Cities, which are on railway lines, as the pivot by bringing their strong points in funds, equipment, and technology into play and combining the import of advanced technology and the establishment of lateral ties with other parts of the country. This zone would link the eastern and western parts of the region. The third level is developing the northwestern regions of Guangxi where minority nationalities live in compact communities. Although economically backward, these regions are rich in water and electric power, nonferrous metal, construction materials, and other natural resources. With their strong points in natural resources as a driving force and by opening to domestic businesses and foreign investors, they are working together to achieve rejuvenation.

Guangxi has scored marked achievements in carrying out the multilevel patterns of openness which have their own characteristics. In recent years, Guangxi has rapidly established trade ties with some 5,000 clients from over 130 countries and regions and 170 foreign trading firms, thus becoming a player in world markets. Before 1978, use of foreign capital in the region was virtually nonexistent but by the end of last September, 490 contracts had been signed, involving some \$1.1 billion in investment funds. Growing out of nothing, the number of joint ventures, cooperative enterprises, and wholly foreign-owned enterprises has amounted to 325 and some 400 items of advanced technology and equipment have been imported from abroad. Foreign exchange earned through exports last year topped the \$500 million mark. With the implementation of the development strategy for the coastal areas, nearly 200 export commodities production centers and projects have been set up in all parts of Guangxi.

The achievements Guangxi has made in establishing lateral relations with other parts of the country are becoming increasingly conspicuous. In the last 4 years alone, the region has established about 5,000 economic associations with other provinces and autonomous regions. Thanks to the development of multilayer economic associations, Guangxi has achieved the optimum

distribution and organization of resources, funds, technology, and talents, thus greatly optimizing its economic outlays and boosting its economic strength.

More Minority Nationality Cadres for Guangxi
HK1412082188 Nanning Guangxi Regional Service
in Mandarin 1100 GMT 12 Dec 88

[Text] In the past 30 years since the founding of the Guangxi autonomous region, especially after the 3d Plenary of the 11th CPC Central Committee and the introduction of the Law of Regional National Autonomy, Guangxi has achieved great success in fostering cadres of minority nationalities, and a large number of outstanding cadres of minority nationalities have taken up leading posts at all levels. According to statistics from the end of 1987, cadres of minority nationalities make up 33.9 percent of the region's cadres, 23.5 percent of the heads and deputy heads of departments and bureaus at the prefectural and city levels, 47 percent of the heads and deputy heads of party committees, people's congresses, local governments, and CPPCC Committees at the county and city levels, and 49 percent of the heads and deputy heads of party committees and local governments at the township and town level.

In the past few years, the education standard of cadres of minority nationalities has been raised. The percentage of those who have received higher education among cadres of minority nationalities has risen from 17.4 percent in 1984 to 19.6 percent in 1987, and the percentage of those who have received secondary technical education has risen from 16.2 percent in 1984 to 23.2 percent in 1987.

Cadres of minority nationalities in Guangxi have become a mainstay in socialist construction. Together with cadres of Han nationality, they have made great contributions to the four modernizations and frontier defense.

Hainan Conducts National Defense Education
HK1412131088 Haikou Hainan Provincial Service
in Mandarin 0400 GMT 13 Dec 88

[Excerpts] With the militia as the main body and with a correspondence course through the medium of periodicals as the main form, our province's national defense education is rising. The areas where national defense education is conducted for the militia account for 70 percent of the whole province and a large number of advanced examples of national defense education are emerging.

The Qionghai County People's Armed Forces Department was assessed as an advanced unit in national defense education by the Mobilization Department of the General Staff Headquarters, the Mass Work Department of the General Political Department, and the PRC

militia. Danxian County People's Armed Forces Department's correspondence course, through the medium of periodicals, in national defense education was commended by the Political Department of the Guangzhou Military Region and (MINBING SHENGHUO) [Militia Life]. [passage omitted]

The rising of national defense education has had a positive effect in our province. Many party and government departments, enterprises, institutions, and town and township farms have vigorously supported PLA units and militia to build the reserve service and helped the Army stationed in the localities solve a large number of problems, including land disputes, children's education, [words indistinct] family members, and arrangements for the cadres transferred to civilian work.

Hainan 1988 Grain Output Falls Below 1987 Level
HK1512090388 Beijing ZHONGGUO XINWEN SHE
in Chinese 0937 GMT 12 Dec 88

[Report by reporter Mo Chengxiong (5459 2052 7160): "Hainan Provincial Grain Output Has Drops Below 100 Million Kilograms This Year"]

[Text] Haikou, 12 Dec (ZHONGGUO XINWEN SHE)—According to statistics provided by the Hainan Provincial Agricultural Bureau, the province's total grain output this year stood at more than 1.038 billion, a drop of over 130 million kilograms compared with the preceding year.

An official of the Agricultural Bureau said: The main cause of the drop in grain output was a severe drought in the first half of the year and a typhoon in the second half. This year, early rice crops suffered from a rarely seen sustained dry spell, with the sown area reduced by 300,000-odd mu and output reduced by more than 70 million kilograms. Late rice crops were hit by a fierce typhoon. Of the 19 counties and cities of the province, 16 witnessed poor late rice harvests. Wenchang, Ledong, Dongfang, Sanya, and other counties suffered a 15 percent or so drop in output. In addition, there was also a reduced output in the province's potato and other dry land crops.

The official said that beginning in 1985, Hainan's total grain output for 4 consecutive years has hovered at around 1.3 billion kilograms. Due to the unstable grain production, there has been a relatively great shortfall of grain in Hainan. An annual quantity of 400 million kilograms of commodity grain has to be imported from other areas, with an outlay of more than 170 million yuan. A relatively great burden is brought to bear on financial, port, transportation, and other departments.

The acute grain shortage problem has aroused the attention of the local government. Deputy Governor Zou Erkang said that Hainan must take measures to solve the problem of self-sufficiency in grain in the next 3 to 5 years. We must increase the investment in agriculture, enlarge the area planted in rice, and attract foreign capital to develop mass agriculture.

Southwest Region

Liu Zhengwei Addresses Guizhou Theoretical Forum
HK1412151988 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 13 Dec 88

[Text] A provincial theoretical forum in commemoration of the 10th anniversary of the 3d Plenary Session of the 11th CPC Central Committee opened on 12 December.

Secretary Liu Zhengwei, Deputy Secretary Ding Tingmo, and Propaganda Department Head (Chang Zhen) of the provincial party committee attended and addressed the meeting.

In his speech, Comrade Liu Zhengwei pointed out: The 10 years since the 3d Plenary Session of the 11th CPC Central Committee have opened a new chapter in the annals of China's socialist reforms and construction. The changes and achievements made in these 10 years are universally acknowledged. Our province, he added, has achieved great progress in the economic, political, and cultural fields in the 10 years. It can be said that these 10 years were the most brilliant in the history of Guizhou's development. The achievements are no doubt the outcome of resolutely implementing the line, principles, and policies defined by the 3d Plenary Session of the 11th CPC Central Committee, boldly blazing new trails, and the cadres and people of all nationalities in our province being diligent in practice. However, we must know that all of the successful achievements in the fields of reform and construction of the last 10 years cannot be separated from the strenuous efforts and hard work of theoretical workers. Liu Zhengwei emphasized: Theoretical work should attach importance not only to the study of goals and models of fundamental importance for economic development, but also to summing up historical experiences from all periods of time and from every country, and particularly to the study of problems of immediate significance. Meanwhile, attention must be given to the study of new problems, new difficulties, new contradictions, new things, and new developments arising in the process of implementing the line, principles, and policies formulated in the 3d Plenary Session of the 11th CPC Central Committee, and guiding reality, promoting the modernization program, and developing the reforms with correct theory.

Comrade Liu Zhengwei hoped that the theoretical workers of our province would conscientiously study and apply the party's basic theories, line, and policies concerning the initial stage of socialism, namely, the need to be guided by the two basic points and to make economic development our central task, and that they would combine the steadfastness of Marxism with the spirit of creativeness and work hard to explore ways for the economic, social, and cultural development of our province so as to push forward the cause of reform and construction of our province.

Yang Rudai on Enforcing Sichuan Party Discipline
HK1412135488 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 13 Dec 88

[Excerpt] In an article written recently for "Party Conduct and Party Discipline Monthly," a journal of the provincial Discipline Inspection Commission, Secretary Yang Rudai of the Sichuan Provincial CPC Committee emphasized the need to strengthen party discipline to ensure the implementation of the spirit of the 3d Plenary Session of the 13th CPC Central Committee.

In his article, Yang Rudai pointed out: To ensure a smooth implementation of the spirit of the 3d Plenary Session of the 13th CPC Central Committee, it is necessary to employ at the same time, the economic, administrative, law, discipline, and ideological and political work means in a comprehensive way; of which, strengthening party discipline is of the most importance.

Yang Rudai continued: Comrades of the whole party, especially leading comrades, must be taught by facts that party discipline must be enforced and those who offend party discipline, administrative discipline and the law should be duly punished. Offenders of discipline should no longer be tolerated while those who abide by the law and discipline come to grief.

Yang Rudai called on Discipline Inspection Commissions at various levels to, on the one hand, work hard to win a victory for the improvement of the economic environment, rectification of the economic order and the comprehensive deepening of the reforms; on the other, they should also strengthen party discipline, improve party work style, and continuously raise the level of their work. At present with strictly enforcing party discipline and seriously dealing with cases of violating law and discipline as the main task, Discipline Inspection Departments should give full play to their role of protection, punishment, supervision and [words indistinct] to work for the improvement of the economic environment, rectification of the economic order and the comprehensive deepening of the reforms.

Tibet Frontier Guards Crack Down on Criminals
HK1512025588 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 14 Dec 88

[Excerpts] Frontier guards of the People's Armed Police units fighting along thousands of miles of border areas on the Xizang Plateau have made notable contributions to strengthening and consolidating frontier defense and guaranteeing the smooth progress of economic construction and reform of our region by striking relentless blows at different types of criminals according to the law. [passages omitted]

Since 1984 frontier guards units, with the help and cooperation of the people along the border areas, have captured more than 580 persons who attempted to sneak in or out of our country, intercepted and captured over 700 smugglers in cooperation with the customs house, and correctly handled more than 1,300 cases involving violation of [words indistinct]. All this has greatly helped maintain social security and the normal life of the people along the border areas of our region. [passage omitted]

Yunnan Reports Financial Examination Results
HK1412133688 Kunming Yunnan Provincial Service
in Mandarin 1100 GMT 13 Dec 88

[Text] Initial results have been achieved in the provincial examination of matters relating to taxation, accounting and pricing. By the end of November, the amount of money recovered from violation of discipline in financial and economic work exceeded 120 million yuan, more than 49 million of which was turned over to the state treasury, accounting for 61 percent of the total amount turned over to it.

After the provincial government assigned the work of examining matters relating to taxation, accounting and pricing, all localities and departments took the examination as a major measure in improving the economic environment, rectifying the economic order and deepening reform. More than 20,000 cadres were posted throughout the province and formed many working teams to help major areas and units, and to supervise them in carrying out the examination. Through self-examination, selective examination, and focusing examination on some key units, many violations of law and discipline were exposed, with the problem of tax evasion the most prominent. By the end of November cases of tax evasion amounted to 66 million yuan, making up 51 percent of the sum of money recovered from violation of law and discipline in financial and economic work. These cases involved a wide range of sectors. Forty percent of state-owned enterprises, 60 percent of collective enterprises, and 80 percent of individually operated industrial and commercial units were involved. Meanwhile, the problem of violating price policy is also fairly serious in our province. More than 3,000 cases have been confirmed and a total of over 15 million yuan recovered. Penalties levied on the offenders amounted to 4.9 million yuan. Moreover, the problem of purchasing special

commodities subject to control in violation of regulations adopted by the provincial government for curbing institutional expenditure is also serious in our province. It has been learned that more than 900 cars, vans, jeeps and other vehicles as well as a number of motorcycles, colored television sets, refrigerators, and furniture, which are all subject to control, were traded in defiance of the aforementioned regulations.

North Region

Xing Chongzhi Presides Over Hebei CPC Session
SK1512041588 Shijiazhuang HEBEI RIBAO
in Chinese 27 Nov 88 p 1

[Text] The Hebei Provincial CPC Committee held a plenary session in the city of Shijiazhuang on 26 November. In line with our province's actual conditions, the session studied measures for implementing the guidelines of the National Rural Work Conference.

Participants analyzed our province's rural situation and maintained that when the economic trend is not overheated, rural areas must not lower their temperature but should add heat. Deepening rural reform, vigorously developing agriculture, and making special efforts to reap bumper agricultural harvests in 1989 and 1990 are important tasks in implementing the guidelines of the 3d plenary session of the 13th party Central Committee. We must estimate the current rural situation accurately and guard against both blind optimism and blind pessimism. Only when we do our jobs well are there great prospects for agricultural development.

The session stressed: We should apply policies, sciences, and technologies and increase input in order to promote agricultural development. The peasants are still enthusiastic. Practice has showed that the key to overcoming the difficulties in agriculture hinges on resolving agricultural problems. Principal responsible comrades of the party committees and governments at various levels should pay attention to agriculture, guide agriculture according to system engineering, improve the work style, and rigidly implement the measures for developing agriculture. At present, we should attend to the purchase of grain, cotton, oil, and farm and sideline products; develop farmland water conservancy projects; and improve agricultural ecology.

The session set forth instructive opinions on the forthcoming provincial rural work conference.

Xing Chongzhi, secretary of the provincial party committee, presided over the session. Principal responsible comrades of the provincial Advisory Commission and the provincial People's Congress Standing Committee, vice governors of the provincial government, and responsible persons of relevant departments under the provincial party committee and the provincial government attended the session as observers.

Hebei Reaches 1988 Coal Production Target Early
SK1512040488 Shijiazhuang HEBEI RIBAO
in Chinese 30 Nov 88 p 1

[Text] As of mid-November, collieries across our province produced 40.01 million tons of raw coal, prefulfilling the annual production plan by more than 40 days and showing an increase of 1.67 million tons, or 44 percent, over the same period last year.

Coal supplies have been strained in our province since the latter half of this year. Thanks to the efforts made by the vast number of staff members and workers on the provincial coal front to carry forward the glorious tradition of bravely bearing heavy tasks and sharing cares and burdens with the country and the people; to conscientiously tap potential; to overcome the difficulties in the changing geological conditions, transportation, and power shortage; to find pressure for themselves; and to strive to exceed production, each coal mining administrative bureau and colliery improved its production level and surpassed its monthly production plan.

Northeast Region

Heilongjiang Foreign Trade, Capital Utilization
SK1512082988 Harbin HEILONGJIANG RIBAO
in Chinese 27 Nov 88 p 1

[Text] Heilongjiang Province's total volume of imports and exports was \$129.55 million in 1980, \$198.47 million in 1982, \$385.24 million in 1984, and \$899.04 million in 1987. The actual amount of foreign capital it used was \$23.98 million in 1984, \$9.96 million in 1985, \$47.86 million in 1986, and \$62.74 million in 1987, totaling \$144.54 million.

Northwest Region

Gansu Holds Conference on Cadre Education
HK1312133488 Lanzhou Gansu Provincial Service
in Mandarin 0000 GMT 13 Dec 88

[Excerpt] A provincial conference on education for cadres which closed yesterday suggested that with regard to the work of education for cadres, Gansu Province should take the post-oriented training for leading cadres at all levels as the key link; continue to pay attention to the improvement of cadres' academic qualifications, the updating of knowledge, and all kinds of short-term rotational training courses; try to raise the ability of leading cadres at all levels to perform their specific duties; further improve the education structure of the cadres' contingent; and thus more effectively meet the needs of local economic construction and other undertakings.

During the 4-day provincial conference on education for cadres, briefings were made on education for cadres in different areas of the province. The participants

exchanged their experiences in this field and concentrated their discussions on how to do a better job in the post-oriented training of leading cadres at all levels under the new circumstances.

Since the cadre regularization program was launched in 1983, party organizations at all levels in the province have organized various cadre training programs in different forms and through various channels. Great success has been achieved. The number of cadres in the province who have attained the higher education standard now totals more than 78,000, while the number of cadres who have attained the secondary technical education standard totals more than 29,000. At present, party schools, universities, and colleges in the province offer 142 special training courses for cadres in 41 special fields and can accommodate as many as 29,800 students. Meanwhile, the number of full-time teachers for party schools and cadres' training schools has increased to more than 1,700. [passage omitted]

Ningxia Reports Bumper Agricultural Harvest
OW1512014688 Beijing Domestic Service
in Mandarin 1030 GMT 10 Dec 88

[From the "National Hookup" program]

[Text] In the trucks carrying relief materials to Yunnan earthquake victims, there were 100,000 kg of rice donated by the Ningxia Hui Autonomous Region. Only 10 years ago, the autonomous region still depended on outside help for the people's food grain.

Recently, Bai Lichen, chairman of the Ningxia regional government, joyfully told reporters: The region achieved an all-around bumper agricultural harvest this year. Its grain output reached 648 million kg, an all-time high and an increase of 18 percent over the previous year. Harvest of oil-bearing crops, sugar crops, aquatic products, melons, fruits, vegetable, and Chinese wolfberry fruits was also very good.

Analyzing the reasons for the all-around good harvests, departments concerned in Ningxia said: There were three reasons. The first was the further improvement of the contractual responsibility system in the countryside. As many as 1,000 agricultural scientific-technological personnel signed agricultural technology contracts. Per mu yield of the 20,000 mu corn crops in Pengyang County averaged more than 550 kg, thanks to the guidance of agricultural scientific-technological personnel. The second reason was contributions made by farmland capital construction and a number of measures promoting agricultural technology. Cultivated land in mountains and along rivers was thoroughly plowed, and fertilizer was applied to more than 70 percent of the farmland in the autumn season. The third reason was the increase of agricultural input and the enormous efforts in the supply of chemical fertilizer, pesticide, and other means of agricultural production.

Qinghai Tax Evasion Case Receives Attention
*HK1512001788 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 13 Dec 88*

[Text] According to the leading group of the provincial Office for the Examination of Matters Related to Taxation, Accounting and Pricing, the State Council Office for Examination of Matters Related to Taxation, Accounting and Pricing is paying a great deal of attention to the case of tax evasion involving (Zhao Hongsheng), director of the Qinghai Transformer Factory and called on the department concerned of our province to properly handle the case as soon as possible.

On 12 October (Liu Biao), head of the State Council Office for the Examination of Matters Related to Taxation, Accounting and Pricing, called a responsible person of the provincial Office for the Examination of Matters Related to Taxation, Accounting and Pricing, pointing out three points. First, the problem concerning the Qinghai Transformer Factory aroused strong reaction in different areas after it was reported in several central newspapers, the national conference on financial matters also reacted strongly to the problem. Qinghai Province should properly handle the problem as quickly as possible. Second, proper arrangements must be made to the work of three financial workers and a deputy secretary of the discipline inspection commission of the Qinghai Transformer Factory so as to avoid retaliation. Third, the deeds of reporting offenses by financial workers to the authorities should be commended on a grand scale in a bid to encourage healthy trends.

Shaanxi Professionals Serve Local Enterprises
*HK1312130988 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 13 Dec 88*

[Text] The development of the system of service provided by scientific and technical personnel on a contract basis has been encouraging in this province. Since 1986, more than 14,000 scientific and technical professionals have gone down to the grass-roots level to found medium- and small-sized enterprises and township and town enterprises, or to take over these kinds of enterprises on a contract basis. More than 5,000 people are engaged in massive contracted services in rural areas each year, while more than 20,000 scientists and technicians are engaged in technological exploration, training, and consultative service on a part-time basis.

Such scientific and technological services offered on a contract basis have closely integrated sciences and technology with economic development, speeded up technological progress in rural areas, expedited the technical transformation of enterprises and the development of new products, and thus resulted in remarkable economic returns. In the past years, more than 2,000 new products and technological items have been developed in the province through the scientific and technological service system on a contract basis, bringing the province an additional output value of more than 300 million yuan and turning over profits and taxes totaling more than 40 million yuan to the government.

Mainland Writer Appears on Taiwan Television
HK1412012088 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1435 GMT 13 Dec 88

[Report: "Bai Hua Discusses 'River Elegy' on Taiwanese TV Show"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 13 Dec (ZHONGGUO TONGXUN SHE)—Reports from Taipei say Bai Hua, a well-known mainland writer and author of the novel "Unrequited Love," appeared on a Taiwanese TV series "Look at the World From Taipei" on 2 successive weeks, freely discussing his views on the development of literature and art in mainland China and on the TV series "River Elegy." MIN SHENG PAO said Bai Hua's sincere image and his well-grounded conversation were well received among the local audience.

According to MIN SHENG PAO, interviewing well-known figures from Mainland China has now become a favorite practice in the three Taiwanese TV services following the fashion on the mainland. The interview with Bai Hua was filmed in New York by Chiu Yue, Taiwan Television Corporation correspondent in the United States. Because Bai Hua's novel "Unrequited Love" has been published in Taiwan and is available in bookstores there, many Taiwan people know of Bai Hua as a writer. In addition, what he talked about in the interview was the television series "River Elegy," one of the prime favorite topics of conversation today. Therefore, the interview aroused enthusiastic reaction from the audience as soon as it was on the air. Many people even phoned the TV service's news department asking for a video copy of the interview.

Chen Ching-yi, the compere of the TV program "Look at the World From Taipei," pointed out that the interview with Bai Hua was only one of the many special series in this program which focuses on the thinking and achievements of some Chinese. In the past, Liu Binyan, Ieoh Ming Pei, and others had been interviewed. Some other outstanding Chinese will be interviewed and their achievements covered. Chen Ching-yi also noted that his colleagues still cannot interview as many outstanding figures on the mainland as they want to because they are now banned from doing so. If the ban is lifted and Taiwan reporters are allowed to visit mainland China more coverage of this kind will occur. The interviewees will not then be confined to figures from ideological and cultural circles. Personalities from sports, scientific, and technological circles will also be interviewed.

Commentator on Kuomintang Giving Up 'Three Nos'
OW1412023688 Beijing in Mandarin to Taiwan 1500 GMT 7 Dec 88

[Station commentator's article: "We Should Not Let Mainland Market Be Taken Over By Rivals"]

[Text] Not long ago the All-China Federation of Industry and Commerce held its 6th congress. It had warmly invited Taiwan industrialists and businessmen to attend the meeting.

On 5 December at a press conference for Chinese and foreign reporters, Rong Yiren, chairman of the All-China Federation of Industry and Commerce, said: We understand why they did not send people over to attend the meeting. Our federation has been keeping in touch with industrial and commercial communities on Taiwan. Eventually we will see the day when industrial and commercial sectors on both sides of the Taiwan Strait closely join forces with each other. Taiwan industrialists and businessmen have long wanted to invest and set up factories in Mainland China and have direct trade on both sides of the Taiwan Strait.

Recently many an article has appeared in Taiwan newspapers proposing the model of South Korea's relaxing economic and trade relations with North Korea. It was reported that South Korea's economic planning agency has drawn up concrete plans which allow its private sector to conduct trade with North Korea, North Korea's products to be circulated in South Korea, duty-free import of goods and materials directly or indirectly from North Korea, industrialists and businessmen in North and South Korea to contact or visit each other, and port calls by North Korean merchant ships. In the past few years, South Korea has also allowed trade with Mainland China at the private level.

An editorial, which appeared in THE CHINA TIMES on 28 November, asked, "If South Korea can, why not Taiwan?" The editorial called on the authorities to take a bold step to announce policies similar to those of South Korea's economic planning agency.

Worrying that the mainland market might be taken over by South Korea and other aggressive rivals, entrepreneurs on Taiwan are forming tour groups to go to Mainland China to familiarize themselves with the investment environment there and study the potentials for developing economic and trade relations between both sides of the Taiwan Strait.

Taiwan's economy relies heavily on export and trade. In the past its major market was the United States, but not so anymore now. It was very natural for Taiwan's entrepreneurs to turn their eyes onto Mainland China. With a common language and culture, they feel very comfortable doing business in Mainland China. By now, more than 800 companies and factories have invested in Mainland China, with over \$100 million sunk into coastal areas and southern provinces. Eighty percent of Taiwan-mainland joint ventures have made profits. Trade volume between both sides of the Taiwan Strait is expected to hit the \$2 billion mark this year.

Objective economic laws necessitate changes in Taiwan's economic and trade orientation. Yet the Kuomintang [KMT] still insists on so-called orthodox ideas, which are already out of sync with the times, and sees the whole of China as its own property. The KMT holds that as long

as Mainland China does not come under its rule, it will not allow free contact and trade between people on both sides of the Taiwan Strait. As outdated as it is, people certainly will not take it.

Therefore, proceeding from the interests of the whole Chinese people, the KMT must abandon its "three nos" policy, allow people from all walks of life on Taiwan to contact and understand Mainland China, and let both sides of the Taiwan Strait complement each other economically. After gradual mingling with each other, people on both sides of the Taiwan Strait may be able to come up with a way for reunification that will benefit both and have the least amount of negative side effects.

Seminar Urges Freedom for Taiwanese General
HK1512011388 Beijing RENMIN RIBAO in Chinese
12 Dec 88 p 6

[XINHUA report by Li Yanning (2621 1693 1337): "A Seminar of Some Chinese and Americans Urges Li Teng-hui To Rehabilitate the Overall Freedom of General Chang Hsueh-liang"]

[Text] Washington, 10 Dec (XINHUA)—Today some Chinese and Americans here held a "Seminar on the Overall Freedom of General Chang Hsueh-liang" calling on Li Teng-hui to consider granting overall freedom to Chang Hsueh-liang.

This seminar, taking place prior to the 52d anniversary of the Xian Incident, was sponsored by the association of the former students of northeastern Chinese university residing in the United States. The seminar was assisted by Chinese organizations in the United States including the institution of North American history in the 20th century, the northeastern cultural and educational fund, the all-America Chinese association, the federation of Chinese from different circles in the U.S. capital, and the Washington association of Chinese from northeastern China.

Prior to the conclusion of the seminar, about 100 Chinese and American participants unanimously agreed to set up a committee headed by Professor Chang Chieh-chien to work for the overall freedom of General Chang Hsueh-liang; they also adopted a letter to Taiwan "President" Li Teng-hui urging him to immediately rehabilitate the overall freedom of General Chang Hsueh-liang and to guarantee his basic civil rights of speech, correspondence, and travel.

Professor Chang Chieh-chien, chairman of the association of the former students of northeastern Chinese university and former academician of the Taiwan "Central Research Institute," presided over the seminar. He told a group of reporters that after the Xian incident China began to shift from a civil war lasting for many years to a united front against Japanese aggression. General Chang Hsueh-liang was charged with a crime because of his good advice and has been detained for 52

years. This general, who contributed much to the nation, has not gained genuine freedom even though he is suffering from illnesses at an advanced age. This cannot but arouse concern among personages overseas. Chang Chieh-chien called on world opinion to strive for the overall freedom of General Chang Hsueh-liang.

PRC Official on Taiwan Economic, Trade Policy
OW1412013088 Beijing XINHUA Domestic Service
in Chinese 1323 GMT 7 Dec 88

["Local Broadcast News Service"]

[Text] Beijing, 7 Dec (XINHUA)—Newspapers in Hong Kong and Taiwan recently carried some reports saying the Chinese communist authorities would tighten trade policy toward Taiwan and planned to gradually eliminate preferential treatment for investments by Taiwan compatriots. In this connection, reporters of XINHUA NEWS AGENCY and "GUOJI SHANGBAO" interviewed a spokesman of the Ministry of Foreign Economic Relations and Trade. The spokesman said that reports by those newspapers in Hong Kong and Taiwan were seriously incorrect. He said: We have not made any decision on tightening trade policy toward Taiwan and eliminating preferential treatment for investments by Taiwan compatriots at all.

The spokesman pointed out: Our concrete measures to manage trade matters with Taiwan have become more and more flexible and relaxed along with the deepening of reform of our country's foreign trade structure and the further alleviation of tension between both sides of the Taiwan Strait. In respect to the export of large quantities of commodities to Taiwan, we are still doing our best to supply some goods to meet the needs of businessmen from Taiwan despite the fact that the supply of some raw materials cannot meet the demand of the domestic market on the mainland. It is quite natural that even the mainland has to import large quantities of certain important raw materials. It will be unrealistic for the mainland to fully satisfy the demand of businessmen from Taiwan.

The spokesman of the Ministry of Foreign Economic Relations and Trade pointed out: In regard to the reports by some newspapers that the mainland will cancel the preferential policy for Taiwan compatriots' investments on the mainland, it is sheer nonsense. The "State Council's Regulations on Encouraging Investments by Taiwan Compatriots" were promulgated as late as 7 July this year by the State Council. At present, we are just implementing and perfecting the regulations. How can we cancel the regulations?

Taiwan Democratic League Meets 12 Dec
OW1512131488 Beijing XINHUA Domestic Service
in Chinese 1339 GMT 12 Dec 88

["Local News Broadcast Service"]

[Text] Beijing, 12 Dec (XINHUA)—The Fourth Central Committee of the Taiwan Democratic Self-Government League held its Second Plenary Session in Beijing today.

Cai Zimin, member of the Presidium of the Central Committee, presided over the opening ceremony. Lin Shengzhong, chairman of the Presidium, made a report at the session. He said that henceforth the league would shift the focus of its work on strengthening ties with people of all walks of life in Taiwan and on absorbing capital from Taiwan, particularly capital from Taiwan's small and medium-sized enterprises.

The second plenary session of the league's Central Appraisal Committee was also held on the same day.

Taiwan Entrepreneurs Inspect Shanghai Environment
OW1512094288 *Shanghai City Service in Mandarin*
2300 GMT 7 Dec 88

[Text] According to JIEFANG RIBAO and WEN HUI BAO, the first batch of small and medium entrepreneurs from Taiwan in nearly four decades arrived here on 7 December to study the industrial investment environment in Shanghai.

Entrepreneurs in Taiwan have long expressed the wish to establish economic ties with the mainland. Many of them want to divert idle funds to the motherland. In the past, investment and trade between Shanghai and Taiwan were often handled through middlemen and carried out quietly through nongovernmental channels.

Since the beginning of this year, Shanghai's indirect trade with Taiwan has already exceeded \$30 million. About a dozen Taiwan investors have found partners for setting up joint ventures in Shanghai.

During the current study tour of Shanghai, the Taiwan entrepreneurs will discuss with concerned officials questions about the industrial investment environment and other issues.

'Air Corridor' Between Xiamen and Taiwan Probed
HK1312124988 *Hong Kong ZHONGGUO TONGXUN*
SHE in Chinese 0904 GMT 10 Dec 88

[“Xiamen Studies Problem of Opening Up ‘Air Corridor’ Leading Directly to Taiwan”—ZHONGGUO TONGXUN SHE headline]

[Text] Xiamen, 10 Dec (ZHONGGUO TONGXUN SHE)—According to the revelations of concerned persons on the mainland, Xiamen, which lies on the west coast of the Taiwan Strait, has intensified efforts, which are nongovernmental, to study the conditions for opening up a flight route between Xiamen and Taiwan in the hope that in the near future an “air bridge” can be erected between the shores of the strait.

Since the Taiwan authorities allowed its people to visit their relatives on the mainland, the number of Taiwan compatriots entering through Xiamen port has increased considerably—over 32,000 people in the first 10 months of this year. As the Taiwan authorities have recently permitted Mainlanders to come to Taiwan to visit sick relatives or attend funerals, contacts between Xiamen and Taiwan are bound to become more frequent. In view of the fact that the current chartered flights departing from Hong Kong to Xiamen amount to only nine a week; that there is only one round trip each week between Hong Kong and Xiamen by the passenger vessel “Ji Mei;” and the fact that passengers on the “Ji Long—Na Ba—Xiamen” course are not loaded to capacity owing to its time-consuming, remote course, Xiamen is probing, in a nongovernmental way, the possibility of a direct flight to Taiwan, and eagerly attempting to realize the target of erecting an “air corridor” in the near future.

Passage of Mainland Relations Law Recommended
OW1512113788 Taipei CNA in English 0304 GMT
15 Dec 88

[Text] Taipei, Dec. 15 (CNA)—A group of legislators and legal experts in the Republic of China [ROC] called on the government Wednesday to enact a special law regulating relations across the Taiwan Strait in order to handle the growing number of problems arising from more frequent contacts between the peoples on both sides.

They made the recommendation at a Taipei seminar in which discussion focused on a Supreme Court ruling nullifying the marriage between a mainlander and his Taiwanese wife.

The defendant, 67-year-old Teng Yuan-chen, is one of the some 2 million mainlanders who came to Taiwan with the ROC Government after the Chinese mainland fell into communist hands in 1949.

Teng's wife remained on the mainland and they had not met since he came to Taiwan because of the hostile situation across the strait. He married a Taiwanese woman in 1959.

The Supreme Court, however, ruled on Dec. 9 that Teng's marriage in Taiwan should be nullified after his mainland wife sued him for bigamy. The ruling has panicked many other mainlanders and their families.

Legislators Jaw Shaw-kong, Lee Sheng-feng, and Lin Shih-chi described the case as a "historical tragedy" brought about by the separation of Taiwan and the mainland during the past 4 decades.

They urged President Li Teng-hui to pardon Teng because historical and political causes, not Teng, are to blame for the tragedy.

Since the ROC Government began to allow local residents to visit their relatives on the mainland late last year, contacts between people on both sides of the Straits have become increasingly frequent and many legal problems, like Teng's, are expected to arise, the lawmakers and legal experts said.

To prevent such problems, they suggested the government promptly enact a special law dealing with the problems so as to protect the interests and rights of the 20 million residents in Taiwan.

The proposed law should seek to legalize the status quo, they said.

Commentary Condemns Killing of Tibetan Monks
OW1412094588 Taipei International Service
in English 0200 GMT 13 Dec 88

[Station commentary: "Monday's Angel of Death"]

[Text] The angel of death wreaked havoc on earth on Sunday and Monday [11 and 12 December], with thousands still dying from last week's earthquake in Armenia, a fire killing more than 70 persons in Mexico City, and a train crash in London taking 35 lives, and to add insult to injury, 2 rescue aid planes crashed in Armenia, killing another 85 persons in total. World headlines have been pressed to keep up with the recent death tolls from natural and manmade catastrophies.

Meanwhile, as if all that were not enough for human souls to bear, the Chinese communist regime added to the macabre twists of human fate by unleashing another round of death-ridden violence against the Tibetan people. This time some 12 persons, mostly Buddhist monks participating in a peaceful independence rally, were gunned down by Chinese communist militiamen.

Witnesses, including one Dutch woman who was shot in the arm, say that the militia fired without warning into a crowd of monks-turned-demonstrators. Then they fired into a crowd of onlookers, firing indiscriminately. The communist regime in Peking reported that 1 monk was killed and 13 were injured.

Unfortunately, this kind of violence has become commonplace in Lhasa, the Tibetan capital on the rooftop of the world. Since October 1987 Buddhist monks have led protests against Chinese communist oppression in Tibet. In that month, a peaceful rally turned violent when Chinese communist troops fired at Buddhist monks, killing some 20 of them. After that bloody scene took place, the Chinese communists closed Tibet off from the outside world, and shipped in several more thousand troops to keep Tibetans in line.

Tibet's ugly fate was sealed in 1959 when Communist China reneged on an agreement signed with Tibetan leaders in 1955. The agreement permitted Tibetan political, cultural, and religious autonomy. In 1959, however, the Chinese communists undertook a massive invasion of the remote Buddhist kingdom. They destroyed nearly all remnants of Tibetan religious culture, and massacred hundreds of thousands of Tibetans in one of history's worst genocidal episodes. The invasion also forced the exile of the Dalai Lama, the Tibetan spiritual leader, who continues to reside in India.

Between 1959 and 1980, Tibet was almost totally shut off from the outside world. Initially, the regime of Teng Hsiao-ping tried to make reparations in Tibet by helping to rebuild what was destroyed of Tibetan cultural artifacts. But in recent years, the Teng regime has opted to crack down hard on Tibetan dissidence. Earlier this year, it was reported from Peking that a special police unit had

been set up specifically to keep a lid on anticommunist activities in Lhasa. The elite police force was ordered to shoot on sight anyone caught "harming the interests of the motherland."

Teng has certainly kept his promise. And it seems world condemnation does not faze him at all. Each time the regime guns down unarmed monks, the news trickles out and makes world headlines. Even during weeks when freak crashes, fires, and earthquakes extinguish countless human lives, the misery wrought on Tibet by the Chinese Communist "angels of death" does not go unnoticed. Nor should it.

Official Gives Report on Mainland Visitors
OW1412212088 Taipei International Service
in English 0200 GMT 11 Dec 88

[Text] Deputy Director of the Bureau and Entry and Exit (?Liao Peng-chun) reported on Friday [9 December] that the bureau has approved 239 applications by Mainland Chinese to visit ailing relatives on Taiwan and 136 applications to attend funerals here since the government began to issue entry permits a month ago. (Liao) said at a news conference that as of 8 December, the bureau had received 334 Mainland Chinese applications to visit gravely ill relatives in Taiwan and 177 applications to attend funerals here. The bureau has not yet rejected any application, (Liao) said, and will try to accelerate the screening of the remaining applications. (Liao) noted that Mainland Chinese applicants can secure their entry permits at the Chunghua Travel Service in Hong Kong or entrust their relatives here to get the permits at the Entry and Exit Bureau.

(Liao) also said that the bureau's Kaohsiung office has received only 26 applications to visit ailing relatives and 24 applications to attend funerals here over the past month. He urged residents of central and southern Taiwan to apply to the Kaohsiung office for their mainland relatives.

Taiwan Fishermen Ignore Ban on Mainland Trade
OW1012100588 Tokyo KYODO in English 0835 GMT
10 Dec 88

[Text] Hong Kong, Dec. 10 KYODO—Hundreds of vessels every day cross the sea between Mainland China and Taiwan, despite a strict ban by Taiwan's anticommunist government on direct communication links with the mainland, a Chinese official has said.

An average of over 200 vessels cross the Taiwan Strait every day, Vice Governor of Fujian Province Shi Xing-mou told a meeting on maritime safety, according to the Chinese-language MING PAO published in Hong Kong Saturday.

Many of the vessels are fishing boats, but they also include cargo and passenger ships, Shi said.

A brisk barter trade is reported to be carried on by fishermen from both sides who often exchange goods at sea.

Taiwan's Nationalist government bans direct communication links with the mainland, but the fishermen ignore the ban despite risks involved.

On Tuesday this week six Chinese fishermen were wounded, one seriously, when a Taiwanese naval vessel opened fire on three boats from Fujian as they approached Taiwan's northern coast.

Commentary on Hong Kong Students' Demonstrations
OW1312142588 Taipei International Service
in English 0200 GMT 8 Dec 88

[Station commentary: "Complacency on Hong Kong Democracy Challenged"]

[Text] Fearing that Hong Kong citizens were becoming complacent over the fate that awaits them in 1997, when the British colony is slated to be turned over to communist China, students in this prosperous city-territory began a series of demonstrations last week to raise awareness of the serious problems Hong Kong faces in the transition.

The protests were touched off by a newspaper editorial last week in the MING PAO. The paper came down on the side of the Chinese communist regime in Peking by asserting that Hong Kong is not suited for popular elections and democratic government.

Groups of students went down to the paper's headquarters and burned hundreds of copies of the paper in the lobby. They cursed the paper for being a lackey of the communist regime, and for abandoning the rights and interests of Hong Kong Chinese.

Meanwhile, several other professors and students began staging hunger strikes to draw attention to Hong Kong's political dilemma. More and more students are joining the every-other-day fast movement to protest the lack of progress in moving Hong Kong in the direction of democracy before 1997 arrives.

The issue of democracy in Hong Kong is controversial, to say the least. As a colony, the capitalist enclave has never enjoyed democratic government. The British have ruled it from the top, while permitting what is perhaps the world's most laissez-faire economic systems to operate there.

The question in everybody's mind is: Can Hong Kong survive after 1997 without democracy? Proponents of the idea argue the case that only a democratically constituted Hong Kong Government can protect the interests of the Hong Kong people after the communists move in in 1997. The argument continues that Hong Kong will

only be able to win the sympathy of other nations if it is a democracy pursuing self-determination, of the sort protected by the UN Charter and other international agreements on human rights.

Opponents of democracy in Hong Kong, of which there are much fewer than proponents, assert that Hong Kong's only hope is to stay unchanged. They say the colony has done well without democracy, and that it can go on indefinitely without it. They further assert that the democracy issue will only provoke the Chinese Communists into taking oppressive actions in Hong Kong that they might not otherwise have entertained.

The proponents have had the upper hand on the issue, and in recent years, they have achieved some movement toward democracy. The first step is to hold popular elections for the Hong Kong Council in 1991 or 1992. The Chinese communists have flip-flopped several times on this issue, however. Originally, they gave a flat no to the idea. Then they promised to live up to the clauses in the agreement on Hong Kong's future, signed with Great Britain, which pertain to Hong Kong's status as an autonomous region. But lately, the communists have begun back-tracking again. They fear a democratic Hong Kong will indeed be difficult to control.

The students and others have launched protests not so much to voice their displeasure with the Chinese communists, but to voice their concern that Hong Kong citizens are becoming complacent about the colony's fate under communism.

Committee Permits Investment in Hong Kong
OW1412211788 Taipei International Service
in English 0200 GMT 11 Dec 88

[Text] The Economic Ministry's Investment Review Committee on Saturday [10 December] decided in principle to allow citizens to invest in financial markets in Hong Kong and also investment companies in the British colony. The secretary general of the committee, (Wang Chih-kang), stated that since Hong Kong is now facing the situation that the territory will come under Chinese communist rule in 1997, those who want to invest must carefully evaluate risks on their own. In addition, (Wang) said that the investors should be made aware that they should not invest in companies which are heavily invested in by communist China.

(Wang) stated that the basis of the decision to allow ROC [Republic of China] investors to invest in Hong Kong is to further open up international financial cooperation avenues. However, he urged citizens to carefully consider their investments and be aware that the investors themselves are fully responsible for any losses which they might incur.

Editorial Comments on Trade Relations With U.S.
OW1512091088 Taipei CHUNG YANG JIII PAO
International Edition in Chinese 3 Dec 88 p 1

[Editorial: "Our Expectations of the U.S. Government—Commenting on the 'Guiding Plan on Strengthening Economic and Trade Relations With the United States'"]

[Text] President Li Teng-hui presided over a national development briefing at the Presidential Office on 30 November. After he heard a report by Chien Fu, chairman of the Executive Yuan's Council for Economic Planning and Development, on the guiding plan for strengthening economic and trade relations with the United States, President Li held that the guiding plan is very important and has been presented at an appropriate time. He instructed government departments concerned to truthfully carry out the plan. In summing up the plan, Premier Yu Kuo-hua said that the plan only provides guiding principles on this subject, and asked all departments concerned to submit specific plans and work schedules within 1 month for future evaluation of work progress.

The draft guiding plan submitted by the Council for Economic Planning and Development consists of two parts. The first part defines the goals of the plan, and the second part gives the main points of the plan. The goals of the plan are:

1. To expand domestic demand and increase imports in order to reduce the trade surplus with the United States;
2. To accelerate the pace of diversifying overseas market in order to decrease reliance on the U.S. market;
3. To implement the policy of liberalizing and internationalizing the economy in order to reduce trade friction between the Taiwan and the United States; and
4. To strengthen economic and trade relations with the United States by taking advantage of the ROC's [Republic of China's] economic power.

The main points of the plan cover seven major areas, each of which includes several smaller topics. It is these smaller topics that require specific execution plans by various government departments.

The Taiwan-U.S. economic and trade relations have become a special case in world economic relations. Taiwan has set a good example for other developing countries in developing an economy. In the past 30 years or so, Taiwan has turned huge trade deficits with the United States, which were balanced by U.S. aid, into a trade balance which requires no U.S. aid, and finally into a trade surplus which has become increasingly large. The trade surplus with the United States was as high as \$19 billion last year. During this period, the U.S. economy underwent a big change. The United States first turned a huge foreign trade surplus into a trade balance, and has turned the balance into a deficit since the 1970's. Its

trade deficits have become increasingly large, averaging some \$160 billion per annum in the past few years. Although Taiwan has not had the largest trade surplus with the United States, it undoubtedly has had the largest among all developing nations that have trade relations with the United States. It is because of this that the United States has increasingly applied trade protectionism pressure on Taiwan. It has asked Taiwan to open up its market, reduce import tariffs, increase purchases from the United States, allow U.S. service trades to operate in Taiwan, and revalue the new Taiwan dollar against the U.S. dollar by a big margin. Since the second half of 1985, the new Taiwan dollar has continued to appreciate against the U.S. dollar. As of now, the overall appreciation has reached 40 percent. In addition, we have drastically lowered our import tariffs, opened our domestic market, and increased imports from the United States. We have even done away with our monopoly system and allowed the import of foreign liquor and cigarettes. Except for some restrictions on the import of a number of farm products, Taiwan's trade is actually as liberalized and internationalized as economically highly developed nations. The reasons that we took above positive measures are that we want to strengthen economic and trade relations with the United States, narrow our trade surplus with the United States, and reduce possible trade friction between the two countries.

As a matter of fact, various measures adopted by our country have yielded results. In particular, the new Taiwan dollar's appreciation in exchange rate against the U.S. dollar has resulted in the unprecedented growth of our country's imports from the United States. Conversely, the growth rate of our exports to the United States has largely decreased, reducing our dependence on the U.S. market in the field of exports from over 48 percent, the highest rate last year, to 39 percent estimated for this year. This development is expected to reduce this year's trade surplus figure with the United States by more than one-third over that of last year.

However, our efforts to improve Sino-U.S. economic and trade relations do not appear to have been acknowledged. The United States orally threatened more than once in recent months to retaliate, in an attempt to bring about a lift on the ban of imports of agricultural products. Moreover, the U.S. Treasury Department believes that the extent of the new Taiwan dollar's appreciation is not enough and wants to negotiate with us on the exchange rate in order to force the new Taiwan dollar to continue to appreciate. Of course, the United States may have plenty of reasons to make such demands from its standpoint. However, as far as our country is concerned, as manufacturers have already been hurt by the sharp appreciation of the new Taiwan dollar, medium and small enterprises are encountering even bigger problems. A number of labor intensive industries, in particular, have been forced to declare bankruptcy, close down, or move their factories abroad. Even some big enterprises

find it difficult to continue their business operations. As a result, our economic growth rate has decreased. Not only will it be hard for us to attain the estimated growth rate target this year, but it will also be very likely that our economic performance next year will turn out to be poorer than this year's.

Nevertheless, in order to improve Sino-U.S. economic and trade relations and reduce friction between the two countries, our government is still prepared to further strive for attaining the objectives of economic liberalization and internationalization. Therefore, the Council for Economic Planning and Development has proposed the "Guiding Plan on Strengthening Economic and Trade Relations With the United States." According to the major programs outlined by the guiding plan, our country will still continue to increase imports from the United States, ease restrictions on the imports, and gradually open the market for the services industry in the future in a bid to further effectively reduce our trade surplus with the United States. On the other hand, we shall endeavor to speed up diversification of export markets, stimulate the growth of domestic demands, expedite the investment in public utilities, and, to coordinate with the above efforts, do our utmost to look for opportunities for participation in international economic and trade activities. It may be said that every measure that is conducive to improving Sino-U.S. economic and trade relations is incorporated in the guiding plan. This fully shows the sincerity and determination of our government. The following two areas will require us to make further efforts in the future. On the one hand, every department of our government must draw up specific plans as soon as possible, carry them out, and follow up and check their implementation at regular intervals. On the other hand, we hope that the U.S. Government will extend full understanding to the sincerity and determination of our government and render us assistance and coordination in its policies. Therefore, we have the following two expectations of the U.S. Government.

First, we hope that the principle of fairness can be upheld. The U.S. Government adopts some measures to protect agriculture in the United States. We hope that the U.S. Government will permit our country to adopt similar measures to protect our agriculture and refrain from frequently threatening us with retaliatory provisions.

Second, we hope that the principle of freedom can be upheld. Our country should be permitted the freedom to purchase whatever we wish or need to purchase without restrictions being imposed. Conversely, we hope the U.S. Government will not force our country to purchase whatever is not needed or desired. If these two principles can be upheld, we are confident that, given time, there will definitely be a smooth solution to the problem of the trade balance between Taiwan and the United States.

Reagan Recommends Continuation of China Policy
*OW1412143588 Taipei CNA in English 1458 GMT
11 Dec 88*

[Text] Washington, Dec. 10 (CNA)—The outgoing Reagan administration has recommended to the new administration to continue current U.S. China policy and to make immediate assurance to Taipei and Peiping that the U.S. will stand by its commitments under the Taiwan Relations Act and various communiques between the U.S. and Red China, disclosed a source in Washington.

In its briefing papers for the Bush administration, which will assume office Jan. 20, the Reagan administration noted that current U.S. policy towards the ROC [Republic of China] and Red China is very successful and productive, and suggested continuation of the status quo.

The inclination of the briefing papers on U.S. China policy is to assure Taipei and Peiping that U.S. policy would not change dramatically and that the U.S. would stick to its commitments under the Taiwan Relations Act and communiques, as well as other commitments, said the source, which insisted on not to be identified.

According to an agreement between the Reagan and Bush administrations, every department and agency of the outgoing administration must provide briefing papers for the new administration to identify current and future issues. The State Department is responsible for preparing briefing papers on U.S. diplomatic relations with every country.

The spirit of the briefing papers on the part of U.S.-Taiwan relations clearly points to continuation by the Bush administration should continue current U.S. policy towards the Republic of China. [as received] As a matter of fact, many high ranking State Department officials had made similar statements on different occasions this year urging the new administration to follow Reagan administration's China policy.

Gaston Sigur, assistant secretary of State for East Asian and Pacific Affairs, in several different speeches emphasizing continuity and dependability in U.S. role in Asia, said unequivocally that "U.S. policy has proved successful; therefore, we must remain consistent in implementing the Taiwan Relations Act and in avoiding any intervention or involvement in matters concerning Taiwan's future. [quotation marks as received]

The State Department briefing papers also identified generally that the trade relations between the U.S. and Taiwan is an issue of potential differences between the two countries and recommended further dialogues to resolve the differences. Briefing papers prepared by the Commerce Department and the U.S. Trade Representative are expected to give detailed explanation on this issue.

In addition to the Reagan administration, some private think tanks share the same thought that the new president of the U.S. should continue current policy towards the ROC. The Heritage Foundation said earlier this month in its report on U.S. Asian policy in the decade ahead, that the new president of the U.S. should reaffirm the friendship between the U.S. and the ROC in recognition of the importance of the ROC.

The Heritage Foundation even went further suggesting that the new administration should continue U.S. encouragement of democratization in the ROC and defend ROC's rights to be a member in such international organizations as GATT, the Organization for Economic Cooperation and Development, and the Asian Development Bank.

Trade Delegation Plans Visit to Siberia
*HK1412103688 Hong Kong AFP in English 1015 GMT
14 Dec 88*

[Text] Taipei, Dec 14 (AFP)—Taiwan is to send a second trade mission to the Soviet Union next year to explore the potential for resource projects in Siberia, the Taiwan Exporters and Importers Association said Wednesday [14 December].

Association Chairman Lin Tzu-chin told AGENCE FRANCE-PRESSE that the visit, which would follow an unprecedented visit to the Soviet Union in October, was promoted by the active Japanese and South Korean interest in Siberia.

Mr. Lin, who organized and led the 58-member trade delegation to Moscow, Kiev, Minsk and Leningrad, noted that the proposed visit would center on export-processing districts east of Ural Mountains.

The trip is expected to take place by September next year, he said, adding that Siberia's abundant lumber and mine resources carried the greatest potential for Taiwan businesses.

Mr. Lin is also awaiting green light from the authorities for similar private trips to Cuba and North Korea.

Taipei's nationalist government, which moved to Taiwan after being defeated by Chinese communists in 1949, had until recently adopted restrictive policies in dealing with communist countries.

But in March, it lifted restrictions on direct trade with most East European countries although the Soviet Union and Albania, which the authorities consider hostile, are still banned from direct business contacts.

The Board of Foreign Trade is meanwhile proposing to the Economics Ministry to remove restrictions on trade with Vietnam, Cambodia, Laos and Cuba and to allow indirect trade with North Korea.

British Visa, Cultural Office To Expand
*OW1412212188 Taipei International Service
in English 0200 GMT 11 Dec 88*

[Text] The Chinese-language UNITED EVENING NEWS reported on Friday that the Anglo-Taiwan Trade Committee in Taipei will expand its operation next year to include visa application and cultural affairs. The paper also quoted a foreign source as saying that political ties between the ROC [Republic of China] and England may further develop since English Prime Minister Margaret Thatcher received a ROC delegation headed by Vice Foreign Minister Steven Wang and Deputy Secretary General of the KMT [Kuomintang] James Soong last month.

The visa office will process visa applications in Taiwan. At present, visa applications filed by ROC citizens are sent to the British Consular Office in Hong Kong. The report also said that the cultural center will offer ROC students scholarships for advanced studies in the United Kingdom.

The paper said: The British decision to upgrade relations with the ROC is due to the market gains by the British businessmen in the Taiwan market and the fact that the ROC has accumulated the second largest amount of foreign exchange reserves in the world. According to official British statistics in 1987, Taiwan was the fastest growing market for British exports. The United Kingdom has also become the ROC's second largest customer in Europe. The United Kingdom was the first Western country to break off diplomatic relations with the ROC after the communist takeover on the mainland. Less than 2 months after the event, former ties between the two countries were completely severed after London closed its consulate in Tanshui, north of Taipei in 1972.

Trade Deficit With Japan at 'All-Time High'
*OW1312234088 Taipei International Service
in English 0200 GMT 12 Dec 88*

[Text] The ROC [Republic of China] is expected to suffer an all-time high U.S.\$5.7 billion of trade deficit with Japan in 1988. In response, the Ministry of Economic Affairs has listed redressing Sino-Japanese trade imbalance as a top priority. Vice Economic Minister Hsu Kuo-an, Industrial Development Bureau Director Yang Shih-chien, and Board of Foreign Trade Director General Chiang Ping-kun Saturday [10 December] left for Japan to attend the 15th East Asia Economic Conference. The ROC delegation has taken on itself the duty to find ways to narrow the trade gap between the two countries.

An official said: The chronic trade deficit with Japan is very complicated and involves historical and practical factors. It will take a long time for any viable solutions to be available. Besides, local businessmen must actively try to pry open the Japanese market.

It is understood that the economic and financial authorities here are working on a program to [words indistinct] advanced Japanese technology. Through the program, the Japanese side will set up factories for manufacturing components and parts in Taiwan. Japanese businessmen may either choose to make investment or seek joint venture partners here.

Philippines 'Welcomes' Overseas Development Fund
*OW1312213388 Taipei CNA in English 1450 GMT
13 Dec 88*

[Text] Taipei, Dec. 13 (CNA)—Foreign Affairs Secretary Raul Manglapus said Tuesday [13 December] that despite the Philippines' one-China policy, he welcomes the inclusion of the Philippines in the sharing of the US \$1 billion overseas economic cooperation and development fund established by the Republic of China [ROC] Government.

The fund "would be very helpful to us" Manglapus was quoted by the Far East news agency as saying.

Earlier, Dr. Shaw Yu-Ming, director general of ROC's Government Information office said in Manila that the Philippines can benefit from the fund.

Shaw said, that the beneficiaries of the fund must be developing countries that are friendly to the ROC, but they do not necessarily have diplomatic ties with Republic of China.

Shaw added that "this fund, will be used to help those friendly developing nations that are undertaking economic development projects."

Colombia Hopes for Expanded Ties With Taiwan
*OW1512010588 Taipei CNA in English 1504 GMT
14 Dec 88*

[Text] Bogota, Dec. 14 (CNA)—Colombia wishes to strengthen relations with the Republic of China [ROC], and to set up a commercial office in Taipei.

This was revealed Tuesday by the Presidential Economic Adviser Enrique Penalosa during a meeting with Yu Kwang-ya, director general of the "Export Processing Zones Administration" of the ROC Ministry of Economic Affairs.

According to Penalosa, President Virgilio Barco has watched closely the development of Colombia's relationship with the ROC.

He also exchanged views with the [as received] Yu on how to improve the relations between Colombia and the Republic of China.

Yu proposed Colombia first send personnel to the ROC's "export processing zones" to receive 1-2 week training, then adopt measures to induce some foreign companies to set up their factories in Colombia.

Commentary Hails Cooperation in Legislature

*OW1412211588 Taipei International Service
in English 0200 GMT 11 Dec 88*

[Station commentary: "Harmony in the House"]

[Text] An unprecedented agreement between the majority party, the Kuomintang and the leading opposition group, the Democratic Progressive, has brought a modicum of harmony to the national legislature. Commentary for the Voice of Free China, this is (?Joanna Fu).

Just three days ago, the House of Legislature was shook by a fierce clash between majority and opposition party legislators. Some observers called it the worst incident of pandemonium in the legislature's history. That confrontation had many people in the Republic of China [ROC] on Taiwan worried that the legislature might suffer a total breakdown with the two sides huffing off to pout, refusing to deal on any of the controversial bills now before the legislature. But the agreement signed on Friday [9 December] averted any further clashes, and now it looks as though progress on the bills can be made. The two sides entered a deadlock over two bills which aim to restructure the organic laws of the Taiwan Provincial Assembly and government. The idea is to make them more autonomous of the central government by erasing some of current overlaps. The opposition has asserted that the central government may not intervene in such local matters. The compromise agreement shelved the two bills until the Council of Grand Justices or Supreme Court interprets the constitutionality of central government's involvement in the enactment of local self-government laws. The compromise was reached after the Breakfast Club, a newly organized group of Taiwan-elected Kuomintang legislators, held further dialogue with the Democratic Progressive's caucus in the legislature. The Breakfast Club's efforts were backed by the majority party's trouble-shooting Policy Coordination Committee in caucus. In a previous clash in which the Breakfast Club tried to take the initiative

with the opposition, the Kuomintang's brass did not go along. The division in the majority party caused the breakdown in talks with the opposition, an event which led to the clashes early in the week. The Breakfast Club is determined to deal with the Democratic Progressives as straightforwardly as possible. In legal terms, however, the opposition party is supposed to be a nonentity; that is, until another controversial bill now before the legislature on civic organizations is passed. It will come up for a review on Monday. In reality, the majority party does not have to put up with the fusses caused by the opposition. The Democratic Progressives have less than 10 percent of the seats in the legislature, and thus can be steam rolled on any bill on any given day. For the sake of political harmony, however, the Kuomintang does not treat the opposition in that manner. Instead, the majority party takes a more compromising stand, and does allow for much input by the opposition legislators. Clashes occur when the extent or degree of cooperation is tested by the opposition. In the future, which could mean as early as next week, the two sides would probably run into many more issues to clash over. One would hope, however, that each confrontation will result in a kind of harmony and cooperation that ended this week.

Economic Growth Rate of Over 7 Percent Predicted

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[Text] The Ministry of Economic Affairs said on Sunday [11 December] that the ROC [Republic of China] can definitely record an economic growth rate of over 7 percent this year. Looking ahead in 1989, however, the prospects are not so bright any more. The ministry said that major economic powers in the world will be likely confronted with a slowdown in their economy. The United States, for instance, has tightened up its economic policy since November this year. As a result, the ministry predicted that the ROC economy will be adversely affected in 1989.

Economic Minister Chen Lu-an said: In the days ahead the government will further cut import tariffs, expand investment in public construction projects, and strengthen efforts in environmental protection. The days of pure export orientation are gone.

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